
Department of the Treasury



Fiscal Service, Bureau of the Public Debt

Regulations Governing Treasury Securities, New Treasury Direct System

Amendments to:

31 CFR Part 315, Department Circular 530

31 CFR Part 316, Department Circular 653

31 CFR Part 351, Department Circular, Public Debt Series 1-80

31 CFR Part 353, Department Circular, Public Debt Series 3-80

31 CFR Part 359, Department Circular, Public Debt Series 1-98

31 CFR Part 360, Department Circular, Public Debt Series 2-98

31 CFR Part 363

Amended March 23, 2005

DEPARTMENT OF THE TREASURY**Fiscal Service****31 CFR Parts 315, 316, 351, 353, 359, 360, and 363****Regulations Governing Treasury Securities, New Treasury Direct System****AGENCY:** Bureau of the Public Debt, Fiscal Service, Treasury.**ACTION:** Final rule.

SUMMARY: New Treasury Direct (also referred to as TreasuryDirect) is an account-based, book-entry, online system for purchasing, holding and conducting transactions in Treasury securities. This rule sets forth the terms and conditions for the conversion of definitive savings bonds of Series E, Series EE, and Series I to book-entry savings bonds in New Treasury Direct. Conversion offers the investor the convenience of a book-entry product, rather than having to provide safe storage for a paper product until final maturity or redemption. Conversion offers the government cost savings in the elimination of paper transactions such as reissues and the replacement of lost bonds. Conversion will further the underlying principle of New Treasury Direct, which is to enable investors to do business with Treasury online.

DATES: Effective: March 23, 2005.

ADDRESSES: You can download this final rule at the following Internet addresses: <http://www.publicdebt.treas.gov> or <http://www.gpoaccess.gov/ecfr>.

FOR FURTHER INFORMATION CONTACT: Elisha Whipkey, Director, Division of Program Administration, Office of Securities Operations, Bureau of the Public Debt, at (304) 480-6319 or elisha.whipkey@bpd.treas.gov.

Susan Klimas, Attorney-Adviser, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or susan.klimas@bpd.treas.gov.

Dean Adams, Assistant Chief Counsel, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or dean.adams@bpd.treas.gov.

Edward Gronseth, Deputy Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or edward.gronseth@bpd.treas.gov.

SUPPLEMENTARY INFORMATION: New Treasury Direct is an account-based, online, book-entry system for purchasing, holding, and conducting transactions in Treasury securities via the Internet. Currently, book-entry Series EE and Series I savings bonds and certificates of indebtedness are offered

for purchase through New Treasury Direct.

For many years, Treasury has also offered definitive (paper) savings bond products with maturities up to 40 years. Now investors may convert eligible definitive savings bonds to book-entry savings bonds to be held in their New Treasury Direct accounts. Currently, Series E, Series EE, and Series I savings bonds, registered in the names of individuals in denominations of \$25 or greater, are eligible for conversion. The owner of a definitive bond registered in the single owner or owner with beneficiary form of registration may convert the savings bond to a book-entry bond. Either co-owner of a definitive bond registered in the co-owner form of registration may convert the savings bond to a book-entry bond. Bonds purchased as gifts for others may also be converted.

Definitive savings bonds have some contractual terms and conditions that are different from those for bonds originally issued as book-entry products. One of these differences is in the forms of registration available for definitive and for book-entry bonds. There are differences between the terms and conditions of a definitive bond registered in the coowner form of registration and a book-entry bond registered in the primary owner with secondary owner form of registration. There are also differences between the terms and conditions of a Series E bond registered in the owner with beneficiary form of registration and all other series of savings bonds, including book-entry bonds, registered in the same form of registration.

When bonds of all series registered in the single owner form of registration, and Series EE or Series I bonds registered in the owner with beneficiary forms of registration, are converted, the bonds will follow the same terms and conditions as bonds originally issued as book-entry bonds, since the owner, by converting, has consented to the changes in the terms and conditions (e.g., one result is that the coowner form of registration will no longer be available for transactions conducted after conversion). The owner may use any online transaction available for book-entry bonds, including the ability to transfer a bond to the New Treasury Direct account of any third party. The converted bonds will be governed by subpart C of 31 CFR part 363.

Bonds of all series registered in the coowner form of registration and Series E bonds registered in the owner with beneficiary form of registration will retain the protections for the non-converting coowner and beneficiary

until such time as the non-converting coowner or beneficiary consents to a transaction that involves a change in registration. By consenting to such a transaction, the non-converting coowner or beneficiary is consenting to the bond being governed by the terms and conditions for a bond originally issued as a book-entry bond (see subpart C of 31 CFR part 363). The coowner and protected beneficiary registrations will no longer be available for those bonds.

The purchaser of a definitive savings bond purchased as a gift for another may convert the bond to a book-entry bond in New Treasury Direct. We will presume that a bond that is not registered in the name of the account owner converting the bond as the single owner, either coowner, or the owner with a beneficiary, is a gift bond. The presumed gift bond will be released to the New Treasury Direct account of the account owner converting the bond. Once the gift bond has been placed in the account, the only transaction that the account owner may perform is to deliver the bond to the New Treasury Direct account of the registered owner. The registered owner may also request our assistance to deliver the bond to his or her account.

We have made changes to several parts of Chapter 31. Generally, we have made changes to the offering circulars and governing regulations of Series E, Series EE, and Series I savings bonds to introduce the concept of conversion and add the appropriate references to applicable regulations.

Procedural Requirements

This final rule does not meet the criteria for a "significant regulatory action" as defined in Executive Order 12866. Therefore, a regulatory assessment is not required.

Because this final rule relates to matters of public contract and procedures for United States securities, notice and public procedure and delayed effective date requirements are inapplicable, pursuant to 5 U.S.C. 553(a)(2).

As no notice of proposed rulemaking is required, the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) does not apply.

We ask for no new collections of information in this final rule. Therefore, the Paperwork Reduction Act (44 U.S.C. 3507) does not apply.

List of Subjects**31 CFR Part 315**

Banks and banking, Government securities, Federal Reserve system.

31 CFR Part 316

Bonds, Government securities.

31 CFR Part 351

Bonds, Federal Reserve system, Government securities.

31 CFR Part 353

Banks and banking, Government securities, Federal Reserve system.

31 CFR Part 359

Bonds, Federal Reserve system, Government securities, Securities.

31 CFR Part 360

Bonds, Federal Reserve system, Government securities, Securities.

31 CFR Part 363

Bonds, Electronic funds transfer, Federal Reserve system, Government securities, Securities.

■ Accordingly, for the reasons set out in the preamble, 31 CFR Chapter II, Subchapter B, is amended as follows:

PART 315—REGULATIONS GOVERNING U.S. SAVINGS BONDS, SERIES A, B, C, D, E, F, G, H, J, AND K, AND U.S. SAVINGS NOTES

■ 1. The authority citation for part 315 continues to read as follows:

Authority: 31 U.S.C. 3105 and 5 U.S.C. 301.

■ 2. Amend § 315.0 by revising paragraph (a), to read as follows:

§ 315.0 Applicability.

* * * * *

(a) Definitive (paper) United States Savings Bonds of Series E that have not been converted to book-entry savings bonds in New Treasury Direct, and Series H and United States Savings Notes, and

* * * * *

■ 3. In § 315.2, redesignate paragraphs (b) through (p) as paragraphs (c) through (q) and add new paragraph (b), to read as follows:

§ 315.2 Definitions.

* * * * *

(b) *Converted bond* means a savings bond originally issued as a definitive bond that has been surrendered to us and converted to a book-entry savings bond to be maintained by Treasury solely as a computer record.

* * * * *

■ 4. Add § 315.3 to read as follows:

§ 315.3 Converting definitive savings bonds to book-entry bonds in New Treasury Direct.

Series E savings bonds that were originally issued as definitive bonds

may be converted to book-entry bonds through New Treasury Direct, an online system for holding Treasury securities. The Web address for New Treasury Direct is www.treasurydirect.gov. Bond owners who wish to convert their definitive savings bonds should follow online instructions for conversion. Regulations governing converted bonds are found at 31 CFR part 363.

PART 316—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES E

■ 5. The authority citation for part 316 continues to read as follows:

Authority: 31 U.S.C. 3105 and 5 U.S.C. 301.

■ 6. Amend § 316.2 by revising the first sentence of paragraph (a) to read as follows:

§ 316.2 Description of bonds.

(a) *General.* Definitive (paper) Series E bonds bear a facsimile of the signature of the Secretary of the Treasury and of the Seal of the Department of the Treasury. * * *

* * * * *

■ 7. Revise § 316.3 to read as follows:

§ 316.3 Governing regulations.

(a) The regulations in 31 CFR part 315 apply to definitive Series E bonds that have not been converted to book-entry bonds.

(b) The regulations in 31 CFR part 363 apply to definitive Series E bonds that have been converted to book-entry bonds through New Treasury Direct.

PART 351—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES EE

■ 8. The authority citation for part 351 continues to read as follows:

Authority: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105.

■ 9. Amend § 351.1 by revising paragraphs (a) and (b) to read as follows:

§ 351.1 What regulations govern Series EE savings bonds?

(a) The regulations in 31 CFR part 353 apply to definitive (paper) Series EE savings bonds that have not been converted to book-entry bonds through New Treasury Direct.

(b) The regulations in 31 CFR part 363 apply to:

(1) book-entry Series EE savings bonds that were originally issued as book-entry bonds in New Treasury Direct; and

(2) definitive Series EE savings bonds that have been converted to book-entry bonds through New Treasury Direct.

* * * * *

■ 10. Amend § 351.3 by adding the definition for “Converted bond” to read as follows:

§ 351.3 What special terms do I need to know to understand this part?

* * * * *

Converted bond means a savings bond originally issued as a definitive bond that has been surrendered to us and converted to a book-entry savings bond to be maintained by Treasury solely as a computer record.

* * * * *

PART 353—REGULATIONS GOVERNING UNITED STATES SAVINGS BONDS, SERIES EE AND HH

■ 11. The authority citation for part 353 continues to read as follows:

Authority: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105, 3125

■ 12. Amend § 353.0 by revising the first sentence of paragraph (a) and paragraph (c), to read as follows:

§ 353.0 Applicability.

(a) The regulations in this part govern definitive (paper) Series EE savings bonds that have not been converted to book-entry bonds through New Treasury Direct and definitive Series HH savings bonds. * * *

* * * * *

(c) The regulations in 31 CFR part 363 govern Series EE savings bonds that were originally issued as book-entry bonds in New Treasury Direct and Series EE savings bonds that were converted to book-entry bonds through New Treasury Direct.

■ 13. In § 353.2, redesignate paragraphs (b) through (l) as paragraphs (c) through (m) and add new paragraph (b), to read as follows:

§ 353.2 Definitions.

* * * * *

(b) *Converted bond* means a savings bond originally issued as a definitive bond that has been surrendered to us and converted to a book-entry savings bond to be maintained by Treasury solely as a computer record.

* * * * *

■ 14. Add § 353.3 to read as follows:

§ 353.3 Converting definitive savings bonds to book-entry bonds in New Treasury Direct.

Series EE savings bonds that were originally issued as definitive bonds may be converted to book-entry bonds through New Treasury Direct, an online system for holding Treasury securities. The Web address for New Treasury Direct is <http://www.treasurydirect.gov>.

Bond owners who wish to convert their definitive savings bonds should follow online instructions for conversion. Regulations governing converted bonds are found at 31 CFR part 363.

PART 359—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES I

■ 15. The authority citation for part 359 continues to read as follows:

Authority: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105.

■ 16. Amend § 359.1 by revising paragraphs (a) and (b) to read as follows:

§ 359.1 What regulations govern Series I savings bonds?

(a) The regulations in 31 CFR part 360 apply to definitive (paper) Series I savings bonds that have not been converted to book-entry bonds through New Treasury Direct.

(b) The regulations in 31 CFR part 363 apply to:

(1) book-entry Series I savings bonds that were originally issued as book-entry bonds in New Treasury Direct; and

(2) definitive Series I savings bonds that have been converted to book-entry bonds through New Treasury Direct.

* * * * *

■ 17. Amend § 359.3 by adding the definition of “Converted bond”, to read as follows:

§ 359.3 What special terms do I need to know to understand this part?

* * * * *

Converted bond means a savings bond originally issued as a definitive bond that has been surrendered to us and converted to a book-entry savings bond to be maintained by Treasury solely as a computer record.

* * * * *

PART 360—REGULATIONS GOVERNING DEFINITIVE UNITED STATES SAVINGS BONDS, SERIES I

■ 18. The authority citation for part 360 continues to read as follows:

Authority: 5 U.S.C. 301; 31 U.S.C. 3105 and 3125.

■ 19. Revise § 360.0 to read as follows:

§ 360.0 Applicability.

(a) The regulations in this part apply to definitive (paper) Series I savings bonds that have not been converted to book-entry bonds through New Treasury Direct.

(b) The regulations in 31 CFR part 363 apply to:

(1) book-entry Series I savings bonds that were originally issued as book-entry bonds in New Treasury Direct; and

(2) definitive Series I savings bonds that have been converted to book-entry bonds through New Treasury Direct.

■ 20. Amend § 360.2 by redesignating paragraphs (b) through (l) as paragraphs (c) through (m), and add new paragraph (b), to read as follows:

§ 360.2 Definitions.

* * * * *

(b) *Converted savings bond* means a savings bond originally issued as a definitive bond that has been surrendered to us and converted to a book-entry savings bond to be maintained by Treasury solely as a computer record.

* * * * *

■ 21. Add § 360.3 to read as follows:

§ 360.3 Converting definitive savings bonds to book-entry bonds in New Treasury Direct.

Series I savings bonds that were originally issued as definitive bonds may be converted to book-entry bonds through New Treasury Direct, an online system for holding Treasury securities. The Web address for New Treasury Direct is www.treasurydirect.gov. Bond owners who wish to convert their definitive savings bonds should follow online instructions for conversion. Regulations governing converted bonds are found at 31 CFR part 363.

PART 363—REGULATIONS GOVERNING SECURITIES HELD IN THE NEW TREASURY DIRECT SYSTEM

■ 22. The authority citation for part 363 continues to read as follows:

Authority: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3102, *et seq.*; 31 U.S.C. 3121, *et seq.*

■ 23. Revise § 363.3 to read as follows:

§ 363.3 What Treasury securities may I hold in my New Treasury Direct account?

You may hold the following securities in your New Treasury Direct account:

(a) Book-entry Series EE and Series I savings bonds;

(b) Certificates of indebtedness; and

(c) Series E, Series EE, and Series I savings bonds originally issued in definitive form that have been converted to book-entry bonds.

■ 24. Revise § 363.4 to read as follows:

§ 363.4 How is New Treasury Direct different from the TreasuryDirect system?

New Treasury Direct is an online (Internet accessible only) system that currently provides for the purchase and holding of book-entry savings bonds and certificates of indebtedness, and the holding of definitive savings bonds that have been converted to book-entry

bonds. There is a separate TreasuryDirect system (TreasuryDirect) available since 1986 for purchasing and holding only marketable Treasury securities as book-entry products. The TreasuryDirect system for marketable securities offers limited online services. The terms and conditions for the TreasuryDirect system for marketable securities are found at 31 CFR part 357.

■ 25. Amend § 363.6 by revising the definitions of “Beneficiary”, “Owner,” and “Single owner,” and adding the definitions of “Conversion account,” “Converted savings bond,” “Converting coowner,” “Coowner,” and “Non-converting coowner” to read as follows:

§ 363.6 What special terms do I need to know to understand this part?

* * * * *

Beneficiary refers to the second individual named in the registration of a definitive savings bond, a converted definitive savings bond, or a book-entry security purchased through the New Treasury Direct system, registered, *e.g.*, “John Doe SSN 123-45-6789 POD (payable on death to) Joseph Doe SSN 987-65-4321.”

* * * * *

Conversion account means a linked account in New Treasury Direct that contains only savings bonds that have been converted from definitive bonds to book-entry bonds.

Converted savings bond means a savings bond originally issued as a definitive bond that has been surrendered to us and converted to a book-entry savings bond to be maintained by Treasury solely as a computer record.

Converting coowner is the coowner who initiates and completes the transaction to convert a definitive savings bond to a book-entry bond through his or her New Treasury Direct account.

Coowner means either of the persons named in the registration of a definitive or a converted definitive savings bond, registered, *e.g.*, “John Doe SSN 123-45-6789 or Joseph Doe.”

* * * * *

Non-converting coowner is the coowner who does not participate in the transaction to convert a definitive savings bond to a book-entry bond.

* * * * *

Owner is either a single owner, the first person named in the registration of a security held in the owner with beneficiary form of registration, the primary owner of a security held in the primary owner with secondary owner

form of registration, or either coowner of a converted savings bond.

* * * * *

Single owner means the individual named in the registration of a book-entry Treasury security or a converted savings bond without a beneficiary, secondary owner, or coowner.

* * * * *

■ 26. Amend § 363.15 by revising paragraphs (a)(1), (a)(2), (a)(3), and (b)(3) to read as follows:

§ 363.15 What is a New Treasury Direct account?

* * * * *

(a) * * *

(1) Treasury securities purchased initially as book-entry securities that are your personal holdings, in sole owner, owner with beneficiary, and primary owner with secondary owner forms of registration;

(2) Gifts that have not yet been delivered; and

(3) Converted savings bonds that you have transferred from your conversion linked account.

(b) * * *

(3) *Conversion account* means a linked account in New Treasury Direct that contains only savings bonds that have been converted from definitive bonds to book-entry bonds.

■ 27. Revise § 363.24 to read as follows:

§ 363.24 What transactions can I perform online through my New Treasury Direct account?

The following transactions are by way of illustration only, and are not intended to limit transactions that may be added to the system:

(a) You can purchase, redeem, transfer, and change the registration of eligible securities held in your account;

(b) You can grant and revoke the right to view an eligible security to any other New Treasury Direct account owner;

(c) You can grant and revoke the right to redeem an eligible security on which you are the primary owner to the secondary owner, if the secondary owner is a New Treasury Direct account owner;

(d) You can view or redeem eligible securities through your New Treasury Direct account on which you are the secondary owner, if the primary owner has granted those rights to you;

(e) You can deliver gift securities to the New Treasury Direct account of another person;

(f) You can make changes to your account information, including ACH information, password changes, and account security information;

(g) You can view a history of purchases, transactions, changes to

account information, and pending transactions;

(h) You can schedule future transactions, and change or delete pending transactions;

(i) You can open and access any linked accounts using your primary account as a portal; and

(j) You can convert eligible definitive savings bonds to book-entry bonds.

■ 28. Revise § 363.36 to read as follows:

§ 363.36 What securities can I purchase and hold in my New Treasury Direct account?

(a) You can purchase and hold eligible Treasury securities in your account. Eligible securities are Series EE and Series I savings bonds and certificates of indebtedness.

(b) You can hold converted savings bonds in your account.

■ 29. Revise § 363.40 to read as follows:

§ 363.40 How are payments of principal and interest made?

(a) *Matured security.* We will purchase a certificate of indebtedness in your name using the proceeds of a matured security. The certificate of indebtedness will be placed in your account.

(b) *Savings bond that is redeemed prior to final maturity.* (1) *Payment.* When you redeem a savings bond and request payment of the proceeds, you must select a specific bank account at a United States depository financial institution for the receipt of your payment. This selected bank account may be the same one that you designated as your primary bank account in your New Treasury Direct account or it may be a different bank account. We will make the payment using the ACH method.

(2) *Purchase of a certificate of indebtedness.* You may elect to purchase a certificate of indebtedness in your name using your redemption proceeds.

■ 30. Revise § 363.50 to read as follows:

§ 363.50 What Treasury securities does this subpart govern?

This subpart governs:

(a) Series EE and Series I book-entry savings bonds that were originally issued as book-entry bonds through New Treasury Direct; and

(b) Converted savings bonds that are registered in:

(1) The single owner form of registration of any series,

(2) The owner with beneficiary form of registration of Series EE and Series I savings bonds,

(3) The owner with beneficiary form of registration of Series E savings bonds

in which the beneficiary has consented to a change in the registration of the bond after conversion, and

(4) The coowner form of registration of any series in which the non-converting coowner has consented to a change in the registration of the bond after conversion.

§§ 363.175–363.177 [Redesignated as §§ 363.200–363.202]

■ 31. Redesignate §§ 363.175–363.177 as §§ 363.200–363.202.

■ 32. Add subpart E to read as follows:

Subpart E—Conversion of a Definitive Savings Bond

Sec.

363.160 What subparts govern the conversion of definitive savings bonds?

363.161 What definitive savings bonds are eligible to be converted to book-entry bonds?

363.162 Who may convert a definitive savings bond?

363.163 How do I convert an eligible definitive savings bond?

363.164 Is a converted savings bond eligible to be converted back into a definitive bond?

363.165 What happens when I convert a savings bond that is registered in my name as the owner, either coowner, or the owner with a beneficiary?

363.166 What happens when I convert a savings bond that is not registered in my name as owner, either coowner, or owner with beneficiary (including a bond registered in the name of a minor)?

363.167 How will a converted savings bond be registered?

363.168 What rules regarding registration apply to a converted savings bond?

363.169 What transactions can I conduct in a converted savings bond on which I am registered as the single owner, either coowner, or the owner with a beneficiary?

363.170 What transactions can I conduct in a savings bond that I converted on which I am not registered as the owner, either coowner, or owner with beneficiary?

363.171 How do I redeem a converted savings bond?

363.172 What happens when a New Treasury Direct account owner dies and his or her estate is entitled to a converted savings bond held in the account?

363.173 What are the rules for judicial and administrative actions involving a converted savings bond held in New Treasury Direct?

363.174 What evidence is required to establish the validity of judicial proceedings involving a converted savings bond?

363.175 Will Public Debt pay a converted savings bond pursuant to a forfeiture proceeding?

363.176 May a converted savings bond be pledged or used as collateral?

363.177 Does Public Debt reserve the right to require that any transaction in a

converted savings bond be conducted in paper form?

363.178 Does Treasury reserve the right to suspend transactions in a converted savings bond?

363.179 Does Public Debt make any reservations as to the conversion of an eligible savings bond?

363.180–363.199 [Reserved]

§ 363.160 What subparts govern the conversion of definitive savings bonds?

(a) This subpart governs:

(1) The process of converting definitive savings bonds of all eligible series and types of registration to book-entry bonds in New Treasury Direct;

(2) Converted savings bonds of all series registered in the coowner form of registration, unless the non-converting coowner consents to a change in the registration of the bonds after conversion;

(3) Converted savings bonds of Series E registered in the owner with beneficiary form of registration, unless the beneficiary consents to a change in the registration of the bonds after conversion; and

(4) Converted savings bonds of all series that are held in the as a gift bond by the person who converted the bonds.

(b) Subpart C governs:

(1) Converted savings bonds of any series registered in the single owner form of registration;

(2) Converted Series EE and Series I savings bonds registered in the owner with beneficiary form of registration;

(3) Converted Series E savings bonds registered in the owner with beneficiary form of registration, where the beneficiary has consented to a change in the registration of the bonds after conversion; and

(4) Converted savings bonds of all series registered in the coowner form of registration, where the non-converting coowner has consented to a change in the registration of the bonds after conversion.

§ 363.161 What definitive savings bonds are eligible to be converted to book-entry bonds?

Series E, Series EE, and Series I savings bonds issued in denominations of \$25 or greater, in single owner, coowner, or owner with beneficiary forms of registration, are eligible for conversion to book-entry bonds in New Treasury Direct.

§ 363.162 Who may convert a definitive savings bond?

The owner of a New Treasury Direct primary account may convert a definitive savings bond.

(a) *Bond that is registered to the account owner.* The owner of a definitive savings bond registered in the

single owner form of registration, either coowner of a bond registered in the coowner form of registration, and the owner of a bond registered in the owner with beneficiary form of registration of all eligible series, may convert that definitive bond to a book-entry bond to be held in his or her New Treasury Direct account.

(b) *Bond that is registered to someone other than the account owner.* We will convert an eligible definitive savings bond submitted by someone other than the registered owner of the savings bond. See the special rules in section 363.166.

§ 363.163 How do I convert an eligible definitive savings bond?

We will provide online instructions for converting your definitive savings bond. You must surrender to us the definitive bond to be converted at the time of conversion.

§ 363.164 Is a converted savings bond eligible to be converted back into a definitive bond?

Once a definitive savings bond has been converted to a book-entry bond, it may not be converted back into a definitive bond.

§ 363.165 What happens when I convert a savings bond that is registered in my name as the owner, either coowner, or the owner with a beneficiary?

(a) *Unmatured savings bond.* When the conversion is approved, an unmatured savings bond that is registered in the name of the New Treasury Direct account owner as single owner, either coowner, or owner with beneficiary, will be released to the account owner's conversion linked account.

(b) *Matured savings bond.* A matured savings bond that is registered in the name of the New Treasury Direct account owner as single owner, either coowner, or owner with beneficiary, will be converted to a book-entry bond and automatically redeemed. The redemption proceeds will be used to purchase a certificate of indebtedness in the account owner's name in his or her primary account.

§ 363.166 What happens when I convert a savings bond that is not registered in my name as owner, either coowner, or owner with beneficiary (including a bond registered in the name of a minor)?

We will presume that a savings bond registered in the name of someone other than the New Treasury Direct account owner (including a bond registered in the name of a minor), was purchased by the account owner as a gift for the registered owner.

(a) *Unmatured savings bond.* (1) *General.* An unmatured savings bond registered in the name of someone other than the account owner will be converted to a book-entry bond, released as a gift bond to the account owner's conversion linked account, and held until delivered to the New Treasury Direct account (or minor linked account, if the registered owner is a minor) of the registered owner.

(2) *Delivery of unmatured gift bond to registered owner.* The New Treasury Direct account owner may deliver the converted gift bond to the New Treasury Direct account (or minor linked account, if the registered owner is a minor) of the registered owner, or, if the bond is registered in the coowner form of registration, to the account of either coowner. A bond registered in coowner or owner with beneficiary form of registration will retain the coowner or beneficiary form of registration upon delivery.

(b) *Matured savings bond.* (1) *General.* A matured savings bond registered in the name of someone other than the account owner will be converted to a book-entry bond, released as a gift bond into the account owner's conversion linked account, and automatically redeemed. We will hold the redemption proceeds in the name of the registered owner of the definitive bond until the proceeds are delivered to the New Treasury Direct account (or minor linked account, if the registered owner is a minor) of the registered owner.

(2) *Delivery of matured, redeemed bond proceeds to registered owner.* If the gift bond has matured and has been automatically redeemed, then the New Treasury Direct account owner may direct that the held redemption proceeds be delivered to the New Treasury Direct account of the registered owner (or minor linked account, if the registered owner is a minor), where we will use the proceeds to purchase a certificate of indebtedness in the name of the registered owner. If the bond is registered in the coowner form of registration, the account owner may direct that the held redemption proceeds be delivered to the account of either coowner, where we will use the proceeds to purchase a certificate of indebtedness in the name of the coowner to whose account the bond was delivered.

§ 363.167 How will a converted savings bond be registered?

The registration of the converted bond will be the same as on the definitive bond, provided that it was registered properly in an authorized form of registration. We will change a definitive

savings bond that was not registered in an authorized form of registration to the closest authorized form of registration. For example, a definitive savings bond erroneously registered "John Doe and Jane Doe" will be changed to "John Doe or Jane Doe." We are not liable to any person for any such decision as to the closest form of authorized registration.

§ 363.168 What rules regarding registration apply to a converted savings bond?

(a) *Savings bond of any series registered in the single owner form of registration.* By converting a definitive bond of any eligible series registered in the single owner form of registration to book-entry in New Treasury Direct, the owner has consented to the bond being governed by the rules regarding registration contained in subpart C of this part.

(b) *Savings bond of Series EE or Series I registered in the owner with beneficiary form of registration.* By converting a definitive bond of Series EE or Series I registered in an owner with beneficiary form of registration to a book-entry bond in New Treasury Direct, the owner has consented to the bond being governed by the rules regarding registration contained in subpart C of this part.

(c) *Savings bond of Series E registered in the owner with beneficiary form of registration.* The registration of a converted savings bond of Series E registered in the owner with beneficiary form of registration may be changed upon the request of the owner and the consent of the beneficiary. The transaction will not be conducted through the registered owner's New Treasury Direct account.

(d) *Savings bond of any series registered in the coowner form of registration.* The registration of a converted savings bond of any eligible series registered in the coowner form of registration may be changed upon the request of one coowner and the consent of the other coowner. The transaction will not be conducted through the registered owner's New Treasury Direct account.

§ 363.169 What transactions can I conduct in a converted savings bond on which I am registered as the single owner, either coowner, or the owner with a beneficiary?

(a) *Savings bond of any series registered in the single owner form of registration.* By converting a definitive savings bond to a book-entry bond, you have consented to the bond being treated as if it were originally issued as a book-entry bond in New Treasury Direct. The bond will be subject to the provisions of subpart C of this part. Any

transaction available for a book-entry bond originally issued in the New Treasury Direct system is available for a converted bond registered in single owner form of registration.

(b) *Savings bond of Series EE and Series I registered in the owner with beneficiary form of registration.* By converting a definitive savings bond to a book-entry bond, you have consented to the bond being treated as if it were originally issued as a book-entry bond in New Treasury Direct. The bond will be subject to the provisions of subpart C of this part. Any transaction available for a book-entry bond purchased in the New Treasury Direct system is available for a converted bond of Series EE and Series I registered in the owner with beneficiary form of registration.

(c) *Savings bond of Series E registered in the owner with beneficiary form of registration.* The owner of a converted Series E bond registered in the owner with beneficiary form of registration may make the following transactions:

(1) *Provide view rights to the beneficiary.* The owner may provide the beneficiary with the right to view the bond in the beneficiary's New Treasury Direct account. Once the right to view the bond is provided to the beneficiary, the owner may not revoke that right.

(2) *Transfer without change in registration.* The owner may transfer the bond without a change of registration to another account in the name of the owner.

(3) *Remove the beneficiary from the registration.* The owner may remove the beneficiary's name from the registration with the consent of the beneficiary. The transaction will not be conducted through the registered owner's New Treasury Direct account. The bond will be changed to the single owner form of registration. Once the transaction is completed, the bond will be treated as a bond originally issued as a book-entry bond in New Treasury Direct, and will be subject to subpart C of this part. The owner may then perform any transaction available for book-entry bonds purchased in the New Treasury Direct system.

(4) *Transfer to the beneficiary or a third party with a change in registration.* The owner may remove his or her name from the registration and transfer the bond to the account of the beneficiary or a third party, with the consent of the beneficiary. The transaction will not be conducted through the registered owner's New Treasury Direct account. The bond will be transferred in the single owner form of registration. Once the transfer is completed, the bond will be treated as a bond originally issued as a book-entry bond in New Treasury

Direct, and will be subject to subpart C of this part. The owner may then perform any transaction available for book-entry bonds purchased in the New Treasury Direct system.

(d) *Savings bond of any series registered in the coowner form of registration.* The converting coowner of a converted bond registered in the coowner form of registration may make the following transactions:

(1) *Provide view or transact rights to non-converting coowner.* The converting coowner may provide the non-converting coowner with the rights to view the bond or to view and redeem the bond through the non-converting coowner's New Treasury Direct account. Once either of these rights is provided to the non-converting coowner, the converting coowner may not revoke the right.

(2) *Transfer without change in registration.* The converting coowner may transfer the bond without a change in registration to another account in the name of the converting coowner. The bond may be transferred without the consent of the non-converting coowner, and will retain the coowner registration.

(3) *Remove a coowner from the registration.* The converting coowner (or the non-converting coowner, if the bond has been previously transferred to the account of the non-converting coowner) may remove the other coowner from the registration. The consent of the other coowner is required. The bond must reside in the account of the coowner who is requesting the transaction. The transaction will not be conducted through the registered owner's New Treasury Direct account. The bond's registration will be changed to the single owner form of registration. Once this transaction is completed, the bond will be treated as a bond originally issued as a book-entry bond in New Treasury Direct, and will be subject to subpart C of this part. The owner may then perform any transaction available for book-entry bonds purchased in the New Treasury Direct system.

(4) *Transfer to non-converting coowner or a third party with a change in registration.* The converting coowner may remove his or her name from the registration and transfer the bond to either the account of the non-converting coowner or to the account of a third party. The consent of the non-converting coowner is required. The transaction will not be conducted through the registered owner's New Treasury Direct account. The bond will be transferred in the single owner form of registration. Once the transfer is completed, the bond will be treated as a bond originally issued as a book-entry

bond in New Treasury Direct, and will be subject to subpart C of this part. The owner may then perform any transaction available for book-entry bonds purchased in the New Treasury Direct system.

§ 363.170 What transactions can I conduct in a savings bond that I converted on which I am not registered as the owner, either coowner, or owner with beneficiary?

The only transaction that you may conduct on a savings bond that you converted on which you are not registered as the owner, either coowner, or owner with beneficiary is to deliver the converted bond to the New Treasury Direct account of the registered owner.

§ 363.171 How do I redeem a converted savings bond?

(a) *Before final maturity.* (1) *Savings bond of any series registered either in the single owner or owner with beneficiary form of registration.* You may redeem your converted savings bond any time prior to final maturity after the minimum holding period through your New Treasury Direct account.

(2) *Savings bond of any series registered in the coowner form of registration.* The converting coowner may redeem the converted savings bond at any time prior to final maturity after the minimum holding period through his or her New Treasury Direct account. The non-converting coowner may redeem the converted savings bond at any time prior to final maturity after the minimum holding period provided that he or she has been granted transaction rights in the converted bond by the converting coowner.

(b) *Upon final maturity.* (1) *Savings bond of any series registered in the single owner, owner with beneficiary, or coowner forms of registration.* If you have not previously redeemed or transferred your converted savings bond, it will be automatically redeemed for you at final maturity.

(2) The redemption proceeds will be automatically used to purchase a certificate of indebtedness registered in your name and held in your New Treasury Direct account.

§ 363.172 What happens when a New Treasury Direct account owner dies and his or her estate is entitled to a converted savings bond held in the account?

(a) *Estate is being administered.* (1) We will require appropriate proof of appointment for the legal representative of the estate. Letters of appointment must be dated within six months of submission, unless the appointment was made within one year before submission.

(2) The legal representative of the estate may request the payment of a converted savings bond, if the converted savings bond is eligible for redemption, to the estate or to the person(s) entitled, or may request transfer of the converted savings bond to the New Treasury Direct account(s) of the person(s) entitled, if the converted savings bond is eligible for transfer.

(3) The legal representative of the estate may not purchase a bond on behalf of the estate.

(4) If payment is requested, we will require ACH instructions.

(b) *Estate has been settled previously.* If the estate has been previously settled through judicial proceedings, the person(s) entitled may request payment of a converted savings bond, if the converted savings bond is eligible for redemption, or may distribute the converted savings bond by transferring it to the New Treasury Direct account of the person(s) entitled, if the converted savings bond is eligible for transfer. If payment is requested, we will require ACH instructions. We will require a certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence.

(c) *Summary administration procedures.* If there is no formal administration and no representative of the estate is to be appointed, the person(s) entitled under state law summary or small estates procedures may request payment of a converted savings bond, if the converted savings bond is eligible for redemption, or may distribute the converted savings bond by transferring it to the New Treasury Direct account(s) of the person(s) entitled, if the converted savings bond is eligible for transfer. We will require appropriate evidence. If payment is requested, we will require ACH instructions.

(d) *Survivors' order of precedence for payment or transfer.* If there has been no administration, no administration is contemplated, no summary or small estate procedures have been used, and the total redemption value of the Treasury securities that are the property of the decedent's estate is \$100,000 or less, then the converted savings bond or redemption proceeds may be distributed to the persons named in the following order of precedence:

(1) There is a surviving spouse and no surviving child or descendants of a deceased child: to the surviving spouse.

(2) There is a surviving spouse and a child or children of the decedent, or descendants of deceased children: one-half to the surviving spouse and one-half to the child or children of the

decedent, and the descendants of deceased children, by representation, or by agreement of all persons entitled in this class.

(3) There is no surviving spouse and there is a surviving child or descendants of deceased children: to the child or children of the decedent, and the descendants of deceased children, by representation.

(4) There are no surviving spouse, no surviving child, and no surviving descendants of deceased children: to the parents of the decedent, one-half to each, or in full to the survivor.

(5) There are no surviving spouse, no surviving child or surviving descendants of deceased children, and no surviving parents: to the brothers and sisters and descendants of deceased brothers and sisters by representation.

(6) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, and no brothers or sisters or descendants of deceased brothers and sisters: to other next of kin, as determined by the laws of the decedent's domicile at the time of death.

(7) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, and no next of kin, as determined by the laws of the decedent's domicile at the time of death: to persons related to the decedent by marriage, *i.e.*, heirs of a spouse of the last decedent where the spouse predeceased that registrant.

(8) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, no next of kin, as determined by the laws of the decedent's domicile at the time of death, and no persons related to the decedent by marriage: to the person who paid the burial and funeral expenses, or a creditor of the decedent's estate, but payment may be made only to the extent that the person has not been reimbursed. Transfers are not permitted.

(9) Escheat according to the applicable state law.

(e) When we make payments according to paragraph (d) of this section, we will make the payments by the ACH method to either a person individually, or individually and on behalf of all other persons entitled. We will require ACH instructions for payment. A person who receives a converted savings bond or payment of security proceeds individually and on behalf of others agrees to make

distribution or payment to the other persons entitled by the law of the decedent's domicile. The provisions of this section are for our convenience and do not determine ownership of a converted savings bond or its proceeds. We may rely on information provided by the person who requests payment or transfer, and are not liable for any action taken in reliance on the information furnished.

§ 363.173 What are the rules for judicial and administrative actions involving a converted savings bond held in New Treasury Direct?

(a) *Notice of adverse claim or pending judicial proceedings.* We are not subject to and will not accept a notice of an adverse claim or notice of pending judicial proceedings involving a converted savings bond held in New Treasury Direct.

(b) *Competing claims to a converted savings bond.* Treasury, Public Debt, and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a converted savings bond held in New Treasury Direct.

(c) *Divorce decree.* We will recognize a divorce decree that either disposes of a converted savings bond held in New Treasury Direct or ratifies a property settlement agreement disposing of the converted savings bond of either of the parties. If the divorce decree does not set out the terms of the property settlement agreement, we will require a certified copy of the agreement.

(d) *Final court order.* We will recognize a final order entered by a court that affects ownership rights in a converted savings bond held in New Treasury Direct only to the extent that the order is consistent with the provisions of this part. The owner of the converted savings bond must be a party to the proceedings.

(e) *Levy to satisfy money judgment.* We will honor a payment request submitted by a person appointed by a court and having authority under an order of a court to dispose of a converted savings bond held in New Treasury Direct pursuant to a money judgment against the owner of the converted savings bond, as owner is defined in section 363.6 of this part. We will only make payment to the extent of the money judgment; we will not transfer the bond.

(f) *IRS administrative levy.* We will honor an IRS administrative levy under section 6331 of the Internal Revenue Code with respect to the owner, as owner is defined in section 363.6 of this part.

(g) *Trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer.* We will honor a payment request submitted by a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer, if the original court order is against the owner, as owner is defined in section 363.6 of this part; we will not transfer the bond.

(h) *Court order that attempts to defeat or impair survivorship rights.* We will not recognize a judicial determination that attempts to defeat or impair the survivorship rights of a beneficiary, secondary owner, coowner, or the registered owner(s) of an undelivered gift that is a converted savings bond held in New Treasury Direct.

§ 363.174 What evidence is required to establish the validity of judicial proceedings involving a converted savings bond?

(a) We will require certified copies of the final judgment, decree, or court order, and any necessary supplementary proceedings.

(b) A payment request by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of appointment and qualification.

(c) A payment request by a receiver in equity or a similar court officer (other than a receiver of an insolvent's estate) must be supported by a copy of an order that authorizes the receiver or similar court officer to dispose of the converted savings bond.

§ 363.175 Will Public Debt pay a converted savings bond pursuant to a forfeiture proceeding?

(a) *General.* We will honor a judicial or administrative forfeiture order submitted by a federal agency. We will rely exclusively upon the information provided by the forfeiting agency and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the payment request. The amount to be paid is limited to the redemption value of the converted savings bond as of the date of forfeiture.

(b) *Definition of special terms relating to forfeitures.*

Contact point means the individual designated by the Federal investigative agency, United States Attorney's Office, or forfeiting agency, to receive referrals from Public Debt.

Forfeiting agency means the Federal law enforcement agency responsible for the forfeiture.

Forfeiture means the process by which property may be forfeited by a Federal agency. Administrative

forfeiture is forfeiture by a Federal agency without judicial proceedings; judicial forfeiture is a forfeiture through either a civil or criminal proceeding in a United States District Court resulting in a final judgment and order of forfeiture.

(c) *Procedures for a forfeiting agency to request forfeiture of Treasury securities.* A forfeiting agency must request forfeiture. An individual authorized by the forfeiting agency must sign the transaction request. The request must be mailed to the Department of the Treasury, Bureau of the Public Debt, Parkersburg, WV 26106-1328.

(d) *Public Debt procedures upon receipt of forfeiture request.* Upon receipt and review of the transaction request, we will make payment to the forfeiture fund specified. We will record the forfeiture, the forfeiture fund into which the proceeds were paid, the contact point, and any related information.

(e) *Inquiries from previous owner.* All inquiries or claims from the previous owner will be referred to the contact point of the forfeiting agency. We will tell the person who inquired that we referred his or her inquiry to the contact point. We will not investigate the inquiry. We will defer to the forfeiting agency's determination of the appropriate course of action, including settlement where appropriate. Any settlement will be paid from the forfeiture fund into which the proceeds were deposited.

§ 363.176 May a converted savings bond be pledged or used as collateral?

A converted savings bond may not be pledged or used as collateral for the performance of an obligation.

§ 363.177 Does Public Debt reserve the right to require that any transaction in a converted savings bond be conducted in paper form?

We reserve the right to require any transaction to be conducted in paper form. Signatures on paper transactions must be certified or guaranteed as provided in § 363.43.

§ 363.178 Does Treasury reserve the right to suspend transactions in a converted savings bond?

We reserve the right to suspend transactions in a converted savings bond held in New Treasury Direct if we deem it to be in the best interests of the United States.

§ 363.179 Does Public Debt make any reservations as to the conversion of an eligible savings bond?

We may reject any application for conversion or refuse to convert a savings

bond in any case or class of cases, if we interest. Our action in any such respect
deem the action to be in the public is final.

§§ 363.180–363.199 [Reserved]

Dated: January 15, 2005.
Donald V. Hammond,
Fiscal Assistant Secretary.
[FR Doc. 05–5621 Filed 3–22–05; 8:45 am]
BILLING CODE 4810–39–P

Department of the Treasury



Fiscal Service, Bureau of the Public Debt

New TreasuryDirect System

Amendments to:

31 CFR Part 351, Department Circular, Public Debt Series 1-80

31 CFR Part 359, Department Circular, Public Debt Series 1-98

31 CFR Part 363

Amended August 16, 2004

New Treasury Direct certificate of indebtedness (C of I), whose sole purpose is to permit investors to accumulate the purchase price of other eligible securities, currently Series I and Series EE U.S. Savings Bonds in New Treasury Direct.

In addition, when the regulations for New Treasury Direct were first published, we delayed the effective date for certain provisions in the rule. The remaining provisions with delayed effective dates are hereby made effective upon publication of this rule.

DATES: Effective: The amendments to parts 351, 359, and 363 are effective August 16, 2004.

The provisions of 363.24(e), (f), (g), (h), (m) and 363.69(d), (e), (f), (g), published at 67 FR 64286 (October 17, 2002), with a stayed date, are effective August 16, 2004.

ADDRESSES: You can download this final rule at the following Internet addresses: <http://www.publicdebt.treas.gov> or <http://www.gpoaccess.gov/ecfr>.

FOR FURTHER INFORMATION CONTACT:

Elisha Whipkey, Director, Division of Program Administration, Office of Securities Operations, Bureau of the Public Debt, at (304) 480-6319 or elisha.whipkey@bpd.treas.gov. Susan Klimas, Attorney-Adviser, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or susan.klimas@bpd.treas.gov. Dean Adams, Assistant Chief Counsel, Office of the Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or dean.adams@bpd.treas.gov. Edward Gronseth, Deputy Chief Counsel, Bureau of the Public Debt, at (304) 480-8692 or edward.gronseth@bpd.treas.gov.

SUPPLEMENTARY INFORMATION: New Treasury Direct is an account-based, online, book-entry system for purchasing, holding, and conducting transactions in Treasury securities via the Internet. Treasury is offering to New Treasury Direct account holders a new security, a New Treasury Direct certificate of indebtedness (C of I), a non-interest bearing, short-term security whose sole purpose is to permit investors to accumulate the purchase price of other eligible Treasury securities in New Treasury Direct. Currently, electronic Series EE and Series I savings bonds are offered through New Treasury Direct. Until now, customers could only purchase these bonds by authorizing a debit of their financial institution checking or savings account for the full purchase price.

For many years, Treasury has also offered paper savings bond products through a payroll savings plan that

permits investors to accumulate the purchase price of a savings bond over time through payroll deductions. Participating employers are responsible for accumulating and accounting for employees' deductions until they reach the full purchase price of a bond. The introduction of the C of I enables Treasury to provide an electronic alternative to the traditional payroll savings plan by permitting an account holder to purchase a non-interest bearing C of I as a means to accumulate the purchase price of an electronic security in New Treasury Direct. This greatly reduces the burden on employers, who will simply forward the deductions to Treasury via the ACH method. The cost of handling and accounting for deductions has often dissuaded businesses from offering a payroll deduction program for buying savings bonds. With this new feature, employees can direct their employers to send funds to their New Treasury Direct account to be invested in a C of I until they have accumulated the purchase price of other eligible securities.

The underlying principle of New Treasury Direct is to establish direct relationships with investors, enabling them to do business with Treasury online and conduct transactions without personal assistance from Treasury and its agents. The C of I supports Treasury's goal to provide the maximum convenience, flexibility, and investor self-sufficiency to New Treasury Direct investors. A C of I also allows account holders to consolidate funds from various sources for the purchase of another eligible security. A C of I is issued daily and has a one-day maturity with an automatic rollover at maturity, until the account holder redeems the C of I. The account holder may use the redemption proceeds to purchase an eligible security in New Treasury Direct, or may send the redemption proceeds by the ACH method to his or her account at a financial institution. The C of I is backed by the full faith and credit of the United States.

An account holder may purchase a C of I in four ways: (1) By directing his or her employer to send payroll funds to a New Treasury Direct account; (2) by directing his or her financial institution to send funds to his or her New Treasury Direct account; (3) by using the Buy Direct function of his or her New Treasury Direct account to authorize a debit from his or her account at a financial institution to purchase a C of I; and (4) by using the proceeds of a security redemption or payment to purchase a C of I.

DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Parts 351, 359, and 363

Regulations Governing Treasury Securities, New Treasury Direct System

AGENCY: Bureau of the Public Debt, Fiscal Service, Treasury.

ACTION: Final rule.

SUMMARY: New Treasury Direct (also referred to as TreasuryDirect) is a book-entry, online system for purchasing, holding and conducting transactions in Treasury securities. This rule describes a new security, the non-interest-bearing

The C of I expands the convenience and flexibility of New Treasury Direct and electronic securities for our customers. Employers will be able to significantly reduce their costs in administering savings bond payroll savings plans. The C of I also positions Treasury to offer customers a convenient way to reinvest interest or proceeds of maturing marketable securities when marketable securities are available in New Treasury Direct.

The account owner may direct purchases of securities to be paid for from his or her C of I holdings on a recurring basis or on a one-time basis. The account owner may redeem his or her C of I holdings, but may not transfer or deliver a C of I to another account owner (except to deliver a C of I from a minor linked account to the adult primary account of the former minor).

Upon the death of the account owner, his or her C of I will belong to the estate of the account owner. We will not be responsible for any redemptions of securities that were purchased using the redemption proceeds of a C of I after the death of the account owner prior to our receiving notice of the death.

The custodian of a minor may purchase a C of I within the minor's account. The minor's C of I is the property of the minor.

In addition, when the regulations for New Treasury Direct were first published, in 67 FR 64286 (October 17, 2002), we delayed the effective date for certain provisions in the rule. Certain functionalities of the system involving the granting of view and transact rights to other persons, and the ability to delete pending transactions, were not ready to be deployed at that time. In addition, the sections relating to minors were not ready to be deployed. By a later rule published at 69 FR 2507 (January 16, 2004), we deleted the delayed provisions relating to minors and replaced them with other provisions relating to minors that were effective upon publication. The remaining provisions with delayed effective dates become effective upon publication of this rule.

Procedural Requirements

This final rule does not meet the criteria for a "significant regulatory action" as defined in Executive Order 12866. Therefore, a regulatory assessment is not required.

Because this final rule relates to matters of public contract and procedures for United States securities, notice and public procedure and delayed effective date requirements are inapplicable, pursuant to 5 U.S.C. 553(a)(2).

As no notice of proposed rulemaking is required, the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) does not apply.

We ask for no new collections of information in this final rule. Therefore, the Paperwork Reduction Act (44 U.S.C. 3507) does not apply.

List of Subjects

31 CFR Part 351

Bonds, Federal Reserve system, Government securities.

31 CFR Part 359

Bonds, Federal Reserve system, Government securities, Securities.

31 CFR Part 363

Bonds, Electronic funds transfer, Federal Reserve system, Government securities, Securities.

■ Accordingly, for the reasons set out in the preamble, 31 CFR Chapter II, Subchapter B, is amended as follows:

PART 351—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES EE

■ 1. The authority citation for Part 351 continues to read as follows:

Authority: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105.

■ 2. Revise §§ 351.62, 351.63 and 351.64 to read as follows:

§ 351.62 How is payment made for purchases of book-entry Series EE savings bonds?

You may only purchase book-entry Series EE savings bonds online through your New Treasury Direct account. You may pay for your securities through a debit to your designated account at a United States depository financial institution, or by applying the redemption proceeds of a certificate of indebtedness held in your New Treasury Direct account.

§ 351.63 How are redemption payments made for my redeemed book-entry Series EE savings bonds?

We will make payments electronically by direct deposit, using the ACH method, to your designated account at a United States depository financial institution. You may also direct that a payment be used to purchase a certificate of indebtedness to be held in your New Treasury Direct account.

§ 351.64 What is the issue date of a book-entry Series EE savings bond?

The issue date of a book-entry Series EE savings bond is the first day of the month in which the security posts to the current holdings of the account owner.

PART 359—OFFERING OF UNITED STATES SAVINGS BONDS, SERIES I

■ 3. The authority citation for part 359 continues to read as follows:

Authority: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3105.

■ 4. Revise §§ 359.47, 359.48 and 359.49 to read as follows:

§ 359.47 How is payment made for purchases of book-entry Series I savings bonds?

You may only purchase book-entry Series I savings bonds online through your New Treasury Direct account. You may pay for your securities through a debit to your designated account at a United States depository financial institution, or by applying the redemption proceeds of a certificate of indebtedness held in your New Treasury Direct account.

§ 359.48 How are redemption payments made for my redeemed book-entry Series I savings bonds?

We will make payments electronically by direct deposit, using the ACH method, to your designated account at a United States depository financial institution. You may also direct that a payment be used to purchase a certificate of indebtedness to be held in your New Treasury Direct account.

§ 359.49 What is the issue date of a book-entry Series I savings bond?

The issue date of a book-entry Series I savings bond is the first day of the month in which the security posts to the current holdings of the account owner.

PART 363—REGULATIONS GOVERNING SECURITIES HELD IN THE NEW TREASURY DIRECT SYSTEM

■ 5. Revise the authority citation for part 363 to read as follows:

Authority: 5 U.S.C. 301; 12 U.S.C. 391; 31 U.S.C. 3102, *et seq.*; 31 U.S.C. 3121, *et seq.*

■ 6. Revise § 363.3 to read as follows:

§ 363.3 What Treasury securities may be held in New Treasury Direct?

Book-entry Series EE savings bonds, book-entry Series I savings bonds, and certificates of indebtedness may be held in New Treasury Direct.

■ 7. Amend § 363.6 by revising the definitions of "Interest on a savings bond", "Redemption of a savings bond", "Series EE savings bond", "Series I savings bond", and by adding the definition of "certificate of indebtedness", to read as follows:

§ 363.6 What special terms do I need to know to understand this part?

* * * * *

Certificate of Indebtedness (certificate of indebtedness) is a one-day security held within your primary or linked account, including a minor account for which you are the custodian, that automatically matures and is rolled over each day until you request that it be redeemed.

* * * * *

Interest on a savings bond means the difference between the purchase price and the redemption value of the bond.

* * * * *

Redemption of a savings bond refers to the payment of principal and interest at final maturity, or prior to final maturity at the option of the owner. The owner may redeem all principal and interest or a portion of the principal and the proportionate amount of interest.

* * * * *

Series EE savings bond is an accrual-type savings bond, issued either in definitive (paper) form or in book-entry form, that accrues interest on the principal based on rates determined by Treasury.

* * * * *

Series I savings bond is a savings bond, issued either in definitive (paper) form or in book-entry form, that accrues interest in accordance with a formula that includes a fixed component and a component indexed to the rate of inflation.

* * * * *

■ 8. Amend § 363.24 by adding paragraphs (q) and (r), to read as follows:

§ 363.24 What transactions can I perform online through my New Treasury Direct account?

* * * * *

(q) You can purchase a certificate of indebtedness.

(r) You can redeem a partial or total amount of your certificate of indebtedness.

■ 9. Amend 363.27 by adding paragraphs (d)(8) and (e)(4), to read as follows:

§ 363.27 What do I need to know about accounts for minors who have not had a legal guardian appointed by a court?

(d) * * *

(8) The custodian may purchase a certificate of indebtedness on behalf of the minor. The certificate of indebtedness is the property of the minor.

(e) * * *

(4) The minor may gain control of his or her certificate of indebtedness by the custodian de-linking the account and transferring the certificate of

indebtedness to the minor's primary account, or the minor may request that Public Debt de-link the account and transfer the certificate of indebtedness to his or her primary account.

* * * * *

■ 10. Revise §§ 363.36, 363.37 and 363.38 to read as follows:

§ 363.36 What securities can I purchase and hold in my New Treasury Direct account?

You can purchase and hold eligible Treasury securities in your account. Eligible securities are Series EE and I savings bonds and certificates of indebtedness.

§ 363.37 How do I purchase eligible Treasury securities to be held in my New Treasury Direct account?

Eligible Treasury securities may only be purchased online through your New Treasury Direct account. Payment for eligible securities other than certificates of indebtedness is made by a debit to your designated account at a United States depository financial institution using the ACH method, or using the redemption proceeds of your certificate of indebtedness.

§ 363.38 What happens if my financial institution returns an ACH debit?

If your designated financial institution returns an ACH debit, we reserve the right to reinitiate the debit at our option. We also reserve the right to reverse the transaction, thereby removing the security from your New Treasury Direct account. We are not responsible for any fees your financial institution may charge relating to returned ACH debits.

■ 11. Revise § 363.41 to read as follows:

§ 363.41 What happens if an ACH payment is returned to Public Debt?

We will notify you electronically of the returned payment. We will hold your payment until you provide us with instructions. Returned payments will not earn interest. We reserve the right to redirect a returned payment to the bank account at a financial institution that you have designated in your New Treasury Direct account as your primary bank account, if that account is different from the one that returned the payment to us. We are not responsible for any fees your financial institution may charge relating to returned ACH payments.

■ 12. Amend § 363.90 by adding paragraph (a)(6) and by revising paragraph (d) introductory text to read as follows:

§ 363.90 What happens when a New Treasury Direct account owner dies and his or her estate is entitled to savings bonds held in the account?

(a) * * *

(6) If the value of the New Treasury Direct account greater than \$100,000, we will require probate.

* * * * *

(d) *Survivors' order of precedence for payment or transfer.* If there has been no administration, no administration is contemplated, no summary or small estate procedures have been used, and the total redemption value of the Treasury securities that are the property of the decedent's estate is \$100,000 or less, then the securities may be paid to the persons named in the following order of precedence:

* * * * *

■ 13. Amend part 363 by adding Subpart D, to read as follows:

Subpart D—Certificate of Indebtedness

Sec.

363.130 What does this subpart cover?

363.131 What is a New Treasury Direct certificate of indebtedness?

363.132 Can the sale of the certificate of indebtedness be suspended?

363.133 What happens to my certificate of indebtedness if the offering is terminated by the Secretary?

363.134 What regulations cover a certificate of indebtedness?

363.135 In what form is a certificate of indebtedness issued?

363.136 Do certificates of indebtedness pay interest?

363.137 What do I need to know about the registration of a certificate of indebtedness?

363.138 How do I purchase a certificate of indebtedness?

363.139 Is Treasury liable for the purchase of a certificate of indebtedness that is made in error?

363.140 When is a certificate of indebtedness issued?

363.141 How do I purchase a security using the redemption proceeds of my certificate of indebtedness?

363.142 May I redeem my certificate of indebtedness for cash?

363.143 What happens if an ACH payment used to purchase a certificate of indebtedness is later reversed?

363.144 May I delete a pending transaction involving a certificate of indebtedness?

363.145 May I transfer or deliver my certificate of indebtedness?

363.146 What happens to a certificate of indebtedness upon the death of the New Treasury Direct account owner?

363.147 Does Public Debt reserve the right to require that any transaction in a certificate of indebtedness be conducted offline?

363.148 What are the rules for judicial and administrative actions involving a certificate of indebtedness?

363.149 What evidence is required to establish the validity of judicial proceedings?

363.150 May a certificate of indebtedness be pledged or used as collateral?

363.151 Can Treasury suspend transactions in my certificate of indebtedness?

363.152 Does Public Debt make any reservations as to issue of certificates of indebtedness?

§ 363.130 What does this subpart cover?

This subpart is the offering of the certificate of indebtedness by the Secretary of the Treasury (Secretary), and will continue until suspended or terminated by the Secretary. This subpart is also the governing regulations for the certificate of indebtedness.

§ 363.131 What is a New Treasury Direct certificate of indebtedness?

A New Treasury Direct certificate of indebtedness (certificate of indebtedness) is a security held within your primary or linked account, including a minor account for which you are the custodian, that is issued daily, with a one-day maturity, that automatically rolls over at maturity until you request redemption. A certificate of indebtedness has a minimum purchase amount of one cent. The only purpose of a certificate of indebtedness is to accumulate funds for the purchase of another eligible security in the New Treasury Direct system. A certificate of indebtedness within a minor's account is the property of the minor alone.

§ 363.132 Can the sale of the certificate of indebtedness be suspended?

The Secretary may suspend and rescind the suspension of sales of the certificate of indebtedness by announcement at any time.

§ 363.133 What happens to my certificate of indebtedness if the offering is terminated by the Secretary?

Upon the termination of this offering by the Secretary, the certificate of indebtedness ceases to roll over; the proceeds will be paid by the ACH method to the bank account at a financial institution that you designated in your New Treasury Direct account as your primary bank account.

§ 363.134 What regulations cover a certificate of indebtedness?

The regulations in part 363 apply to a certificate of indebtedness. We expressly disclaim representations or warranties regarding a certificate of indebtedness that in any way conflict with these regulations and other applicable law.

§ 363.135 In what form is a certificate of indebtedness issued?

A certificate of indebtedness is issued in electronic form only in the New Treasury Direct system.

§ 363.136 Do certificates of indebtedness pay interest?

Certificates of indebtedness do not pay any interest. However, the Secretary may prescribe a rate of interest, or change the interest rate, for certificates of indebtedness by announcement at any time. The new rate would apply to certificates of indebtedness issued thereafter, as provided in the announcement. The Secretary's determination of the rate will be final.

§ 363.137 What do I need to know about the registration of a certificate of indebtedness?

A certificate of indebtedness is automatically registered in the single ownership form of registration in the New Treasury Direct account owner's name.

§ 363.138 How do I purchase a certificate of indebtedness?

You may purchase your certificate of indebtedness through one or more of the following four methods:

(a) payroll deduction, in which your employer sends funds through the ACH method to your New Treasury Direct account;

(b) deposit by your financial institution, in which your financial institution sends funds by the ACH method to your New Treasury Direct account on a recurring or one-time basis;

(c) through the Buy Direct function of your New Treasury Direct account, in which you direct us to debit funds from your account at a financial institution to purchase a certificate of indebtedness. This method is limited to no greater than \$25 per transaction; or

(d) by using the proceeds from the redemption or interest payment of a security to purchase a certificate of indebtedness.

§ 363.139 Is Treasury liable for the purchase of a certificate of indebtedness that is made in error?

We are not liable for any deposits of funds for the purchase of a certificate of indebtedness that are made in error by your financial institution or employer.

§ 363.140 When is a certificate of indebtedness issued?

A certificate of indebtedness is issued the business day after the purchase transaction is made.

§ 363.141 How do I purchase a security using the redemption proceeds of my certificate of indebtedness?

You may purchase an eligible security by redeeming all or a portion of your certificate of indebtedness and applying the proceeds toward the purchase of another eligible security. To do this, your certificate of indebtedness must be of sufficient value to cover the cost of the security. If you are paying for a security using the redemption proceeds of a certificate of indebtedness, you must pay the full amount of the purchase price of the security using the redemption proceeds.

§ 363.142 May I redeem my certificate of indebtedness for cash?

You may redeem part or all of the value of your certificate of indebtedness at any time. The redemption proceeds will be deposited electronically using the ACH method into the account at your financial institution that you designated for the deposit of the proceeds.

§ 363.143 What happens if an ACH payment used to purchase a certificate of indebtedness is later reversed?

If an ACH payment used to purchase a certificate of indebtedness is later reversed, we reserve the right to reverse the purchase of the certificate of indebtedness. If the ACH reversal occurs after the certificate of indebtedness has been redeemed, we reserve the right to reverse previously processed security transactions, including securities that were purchased as gifts and securities that have been transferred or delivered from your account to the account of another New Treasury Direct account owner.

§ 363.144 May I delete a pending transaction involving a certificate of indebtedness?

(a) You may delete a pending purchase of a certificate of indebtedness initiated from your New Treasury Direct account.

(b) You may delete a pending purchase of a security using a certificate of indebtedness as payment.

(c) You may not delete a pending redemption of all or part of the value of a certificate of indebtedness.

§ 363.145 May I transfer or deliver my certificate of indebtedness?

A certificate of indebtedness is nontransferable. You may not deliver a certificate of indebtedness to another New Treasury Direct account as a gift.

§ 363.146 What happens to a certificate of indebtedness upon the death of the New Treasury Direct account owner?

(a) Upon the death of the New Treasury Direct account owner, a certificate of indebtedness is the property of the estate of the account owner. If any purchases of other eligible securities are made after the death of the owner using the redemption proceeds of a certificate of indebtedness as payment, we will consider the securities to be the property of the estate of the account owner, notwithstanding any registration on the security.

(b) We are not liable for the redemption of a security that was purchased using the redemption proceeds of a certificate of indebtedness as payment. We are not liable for the redemption of a certificate of indebtedness that may occur after the death of the account owner but prior to our receiving notice of the death of the account owner.

(c) If the estate is being administered, we will require appropriate proof of appointment for the legal representative of the estate. Letters of appointment must be dated within one year of submission. The legal representative of the estate must request payment of the certificate of indebtedness to the person(s) entitled. We will require ACH instructions. If the value of the New Treasury Direct account is greater than \$100,000, we will require probate.

(d) If the estate has been previously settled through judicial proceedings, the person(s) entitled must request payment of the certificate of indebtedness. We will require ACH instructions. We will require a certified copy of the court-approved final accounting for the estate, the court's decree of distribution, or other appropriate evidence.

(e) If there is no formal administration and no representative of the estate is to be appointed, the person(s) entitled under state law summary or small estates procedures may request payment of the certificate of indebtedness. We will require appropriate evidence. We will require ACH instructions.

(f) If there has been no administration, no summary or small estate procedures have been used, and the total redemption value of the Treasury securities that are the property of the decedent's estate is \$100,000 or less, then the certificate of indebtedness may be paid to the persons named in the following order of precedence:

(1) There is a surviving spouse and no surviving child or descendant of a deceased child: to the surviving spouse.

(2) There is a surviving spouse and a child or children of the decedent, or

descendants of deceased children: one-half to the surviving spouse and one-half to the child or children of the decedent, and the descendants of deceased children, by representation, or by agreement of all persons entitled in this class;

(3) There is no surviving spouse and there is a surviving child or descendant of deceased children: to the child or children of the decedent, and the descendants of deceased children, by representation.

(4) There are no surviving spouse, no surviving child, and no surviving descendants of deceased children: to the parents of the decedent, one-half to each, or in full to the survivor.

(5) There are no surviving spouse, no surviving child or surviving descendants of deceased children, and no surviving parents: to the brothers and sisters and descendants of deceased brothers and sisters by representation.

(6) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, and no brothers or sisters or descendants of deceased brothers and sisters: to other next of kin, as determined by the laws of the decedent's domicile at the time of death.

(7) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, and no next of kin, as determined by the laws of the decedent's domicile at the time of death: to persons related to the decedent by marriage, *i.e.*, heirs of a spouse of the last decedent where the spouse predeceased that registrant.

(8) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, no next of kin, as determined by the laws of the decedent's domicile at the time of death, and no persons related to the decedent by marriage: to the person who paid the burial and funeral expenses, or a creditor of the decedent's estate, but payment may be made only to the extent that the person has not been reimbursed.

(9) Escheat according to the applicable state law.

(g) When we make payments according to paragraph (f) of this section, we will make the payments by the ACH method to either a person individually, or individually and on behalf of all other persons entitled. We will require ACH instructions for payment. A person who receives payment of certificate of indebtedness

proceeds individually and on behalf of others agrees to make distribution of the proceeds to the other persons entitled by the law of the decedent's domicile. The provisions of this section are for our convenience and do not determine ownership of the securities or their proceeds. We may rely on information provided by the person who requests payment, and are not liable for any action taken in reliance on the information furnished.

§ 363.147 Does Public Debt reserve the right to require that any transaction in a certificate of indebtedness be conducted offline?

We reserve the right to require any transaction to be conducted offline using an approved form. Signatures on offline transactions must be certified or guaranteed as provided in instructions in § 363.43.

§ 363.148 What are the rules for judicial and administrative actions involving a certificate of indebtedness?

(a) We are not subject to and will not accept a notice of an adverse claim or notice of pending judicial proceedings involving a certificate of indebtedness.

(b) Treasury, Public Debt, and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a certificate of indebtedness.

(c) We will pay the redemption proceeds of a certificate of indebtedness pursuant to a divorce decree that either disposes of the certificate of indebtedness or ratifies a property settlement agreement disposing of the certificate of indebtedness of either of the parties. If the divorce decree does not set out the terms of the property settlement agreement, we will require a certified copy of the agreement.

(d) We will recognize a final order entered by a court that affects ownership rights in a certificate of indebtedness only to the extent that the order is consistent with the provisions of this part. The owner of the certificate of indebtedness must be a party to the proceedings. We will require a certified copy of the court order.

(e) We will pay the redemption proceeds of a certificate of indebtedness pursuant to a valid levy to satisfy a money judgment against the owner of the certificate of indebtedness. Payment will be made only to the extent necessary to satisfy the money judgment.

(f) We will honor an IRS administrative levy under section 6331 of the Internal Revenue Code with respect to the owner.

(g) We will pay the redemption proceeds of a certificate of indebtedness

to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer, if the original court order is against the owner. Payment will be made electronically through the ACH method to a U.S. depository financial institution account designated by the receiver or a similar court official.

§ 363.149 What evidence is required to establish the validity of judicial proceedings?

(a) We require certified copies of the final judgment, decree, or court order, and any necessary supplementary proceedings.

(b) A request for payment by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of appointment and qualification.

(c) A request for payment by a receiver in equity or a similar court officer (other than a receiver of an insolvent's estate) must be supported by a copy of an order that authorizes the redemption of the certificate of indebtedness.

§ 363.150 May a certificate of indebtedness be pledged or used as collateral?

A certificate of indebtedness may not be pledged or used as collateral for the performance of an obligation.

§ 363.151 Can Treasury suspend transactions in my certificate of indebtedness?

We reserve the right to suspend transactions in your certificate of indebtedness if we deem it to be in the best interests of the United States.

§ 363.152 Does Public Debt make any reservations as to issue of certificates of indebtedness?

We may reject any application for the purchase of a certificate of indebtedness, in whole or in part. We may refuse to issue a certificate of indebtedness in any case or class of cases, if we deem the action to be in the public interest. Our action in any such respect is final.

Dated: August 11, 2004.

Donald V. Hammond,

Fiscal Assistant Secretary.

[FR Doc. 04-18763 Filed 8-12-04; 12:13 pm]

BILLING CODE 4810-39-P

(As of July 2004)

31 CFR Part 363

Regulations Governing
New TreasuryDirect System

**PART 363—REGULATIONS GOV-
ERNING SECURITIES HELD IN THE
NEW TREASURY DIRECT SYSTEM**

Subpart A—General

Sec.

- 363.0 What is the New Treasury Direct system?
- 363.1 What Treasury securities are covered by these regulations?
- 363.2 What agency administers New Treasury Direct?
- 363.3 What Treasury securities may be held in New Treasury Direct?
- 363.4 How is New Treasury Direct different from the Treasury Direct system?
- 363.5 How do I contact Public Debt?
- 363.6 What special terms do I need to know to understand this part?
- 363.7–363.14 [Reserved]

Subpart B—New Treasury Direct System

- 363.15 What is a New Treasury Direct account?
- 363.16 Who is eligible to open a New Treasury Direct account?
- 363.17 How can I open a New Treasury Direct account?
- 363.18 How will you authenticate my identity?
- 363.19 What is the procedure for offline authentication?
- 363.20 How do I access my account?
- 363.21 Who is liable if someone else accesses my New Treasury Direct account using my password?
- 363.22 Is Public Debt liable if the electronic transmission of my data is intercepted?

Pt. 363

31 CFR Ch. II (7–1–04 Edition)

- 363.23 What should I do if I become aware that my password has become compromised?
- 363.24 What transactions can I perform online through my New Treasury Direct account?
- 363.25 How do I conduct transactions in my account or in Treasury securities held in my account?
- 363.26 What is a transfer?
- 363.27 What do I need to know about accounts for minors who have not had a legal guardian appointed by a court?
- 363.28–363.32 [Reserved]
- 363.33 Can an attorney-in-fact conduct transactions in my New Treasury Direct account?
- 363.34 What happens if an owner becomes incompetent after opening a New Treasury Direct account?
- 363.35 When is a transaction effective?
- 363.36 What securities can I purchase and hold in my New Treasury Direct account?
- 363.37 How do I purchase eligible Treasury securities to be held in my New Treasury Direct account?
- 363.38 What happens if the ACH debit for purchase of a book-entry savings bonds is returned by my financial institution?
- 363.39 Will I receive a confirmation of my request to purchase a Treasury security?
- 363.40 How are payments of principal and interest made?
- 363.41 What happens if an ACH payment of principal or interest to my account at a financial institution is returned to Public Debt?
- 363.42 How will my interest income be reported for tax purposes?
- 363.43 What are the procedures for certifying my signature on an offline application for a New Treasury Direct account, or on an offline transaction form?
- 363.44–363.49 [Reserved]

Subpart C—Book-Entry Savings Bonds Purchased Through New Treasury Direct

GENERAL

- 363.50 What Treasury securities does this subpart cover?
- 363.51 Who may purchase and hold a book-entry savings bonds?
- 363.52 What amount of book-entry Series EE and I savings bonds may I purchase in one year?
- 363.53 What is the minimum amount of book-entry savings bonds that I may purchase in any transaction?
- 363.54 What is the minimum amount of a book-entry savings bonds that I must hold in my account?
- 363.55 May I transfer my book-entry savings bonds to another person?

- 363.56 What is the minimum amount of book-entry savings bonds that I may transfer in any one transaction?
- 363.57 What is the minimum amount of book-entry savings bonds that I may redeem in any one transaction?
- 363.58 May book-entry savings bonds be pledged or used as collateral?
- 363.59–363.64 [Reserved]

REGISTRATION

- 363.65 What do I need to know about the registration of book-entry savings bonds?
- 363.66 What forms of registration are available for book-entry savings bonds?
- 363.67 What do I need to know about the single owner form of registration?
- 363.68 What do I need to know about the owner with beneficiary form of registration?
- 363.69 What do I need to know about the primary owner with secondary owner form of registration?
- 363.70–363.79 [Reserved]

MINORS

- 363.80 May a minor purchase book-entry savings bonds?
- 363.81 May book-entry savings bonds be purchased for a minor as a gift?
- 363.82 May an account owner deliver a book-entry savings bonds purchased as a gift to a minor?
- 363.83 May an account owner transfer a book-entry savings bonds to a minor?
- 363.84–363.89 [Reserved]

DECEASED OWNERS

- 363.90 What happens when a New Treasury Direct account owner dies and his or her estate is entitled to savings bonds held in the account?
- 363.91–363.94 [Reserved]

GIFTS

- 363.95 How may I give a book-entry savings bonds as a gift?
- 363.96 What do I need to know if I initially purchase a bonds as a gift?
- 363.97 What do I need to know if I transfer a book-entry savings bonds to another person as a gift?
- 363.98 [Reserved]
- 363.99 What is the minimum amount of a bond that I may transfer or deliver as a gift in any one transaction?
- 363.100–363.104 [Reserved]

TRANSACTIONS

- 363.105 Who has the right to conduct transactions in book-entry savings bonds?
- 363.106 How are online transactions conducted in savings bonds?
- 363.107 Does Public Debt reserve the right to require that any transactions be conducted offline?

Fiscal Service, Treasury

§ 363.5

363.108–363.109 [Reserved]

JUDICIAL AND ADMINISTRATIVE PROCEEDINGS

- 363.110 Will Public Debt recognize a court order that attempts to defeat the survivorship rights of a beneficiary, secondary owner, or recipient of an undelivered gift bond?
- 363.111 Will Public Debt accept notice of an adverse claim or notice of pending judicial proceedings involving book-entry savings bonds?
- 363.112 Is Public Debt a proper party in a judicial proceeding involving competing claims to a book-entry savings bond?
- 363.113 Will Public Debt pay or transfer book-entry savings bonds pursuant to an order in a divorce proceeding?
- 363.114 Will Public Debt recognize a court order?
- 363.115 Will Public Debt pay a savings bond pursuant to a levy?
- 363.116 Will Public Debt pay a bond to the Internal Revenue Service (IRS) pursuant to a levy?
- 363.117 Will Public Debt pay a bond to a trustee in bankruptcy or similar court officer?
- 363.118 What evidence is required to establish the validity of judicial proceedings?
- 363.119 Will Public Debt pay a bond pursuant to a forfeiture proceeding?
- 363.120–363.124 [Reserved]

PAYMENT

- 363.125 How is payment made on a book-entry savings bond?
- 363.126 Under what circumstances will payment be made?
- 363.127–363.129 [Reserved]

Subparts D–E [Reserved]

Subpart F—Miscellaneous

- 363.175 May Public Debt waive these regulations?
- 363.176 Can I be required to provide additional evidence to support a transaction?
- 363.177 May Public Debt amend or supplement these regulations?

AUTHORITY: 5 U.S.C. 301; 31 U.S.C. 3102, *et seq.*, 3105 and 3125; 12 U.S.C. 391

SOURCE: 67 FR 64286, Oct. 17, 2002, unless otherwise noted.

Subpart A—General

§ 363.0 What is the New Treasury Direct system?

The New Treasury Direct system (New Treasury Direct) is an online account system in which you may hold

and conduct transactions in eligible book-entry Treasury securities.

§ 363.1 What Treasury securities are covered by these regulations?

The regulations in this part apply to book-entry Treasury securities held in the New Treasury Direct system.

§ 363.2 What agency administers New Treasury Direct?

The Bureau of the Public Debt (Public Debt), Department of the Treasury (Treasury) is responsible for administering New Treasury Direct. Public Debt may delegate authority to process certain transactions in New Treasury Direct to Federal Reserve Banks and Branches as fiscal agents of the United States.

§ 363.3 What Treasury securities may be held in New Treasury Direct?

Book-entry Series EE and I savings bonds may be held in New Treasury Direct.

[68 FR 24807, May 8, 2003]

§ 363.4 How is New Treasury Direct different from the Treasury Direct system?

New TreasuryDirect is an online (Internet-accessible only) system which currently provides for the purchase and holding of book-entry U.S. savings bonds and will eventually also provide for the purchase and holding of marketable Treasury securities. There is also a separate *TreasuryDirect* system (*TreasuryDirect*), available since 1986, for purchasing and holding marketable Treasury securities in book-entry form. The *TreasuryDirect* system for marketable securities offers more limited online services. The terms and conditions for *TreasuryDirect* are found at part 357, and are substantially different from the terms and conditions of securities held in New Treasury Direct.

[69 FR 2507, Jan. 16, 2004]

§ 363.5 How do I contact Public Debt?

(a) Emails may be sent to: <treasury.direct@bpd.treas.gov>. We will reply by e-mail unless you request otherwise. We are not responsible for the security of e-mail messages you

§ 363.6

31 CFR Ch. II (7–1–04 Edition)

may send to us, or replies we may send to you.

(b) Letters should be addressed to: Bureau of the Public Debt, New Treasury Direct, Parkersburg, WV 26106-1328.

§ 363.6 What special terms do I need to know to understand this part?

Account means a New Treasury Direct account as described in § 363.15.

Authentication service means a public or private service that authenticates the identity of an online applicant for a New Treasury Direct account using information provided by the applicant.

Automated Clearing House (ACH) means a funds transfer system governed by the Rules of the National Automated Clearing House Association (NACHA). NACHA provides for the interbank clearing of electronic entries for participating financial institutions.

Beneficiary refers to the second individual named in the registration of a security held in the New Treasury Direct system registered “John Doe SSN 123-45-6789 POD (payable on death to) Joseph Doe SSN 987-65-4321.” In this example, Joseph Doe is the beneficiary.

Book-entry security means a Treasury security maintained by us in electronic or paperless form as a computer record.

Business day means any day that security may be settled through ACH.

Court means a court of law with jurisdiction over the parties and the subject matter.

Custodian of a minor account means a person who opens an account on behalf of the minor. (See § 363.27 for more information about minor accounts.)

Custom account means an account that you establish for a specific purpose that is linked to your primary account. You use your primary account as the portal to open and access your custom linked account. (See § 363.15 for more information about custom accounts.)

Definitive security means a Treasury security held in paper form.

De-link means the online process by which all securities contained within the minor linked account are moved to the minor’s primary New Treasury Direct account and the linked account is deactivated.

Delivery means moving a minimum amount of \$25 (consisting of principal

and proportionate interest) of a security held as a gift from the account of the purchaser to the account of the recipient.

Depository financial institution means an entity described in 12 U.S.C. 461 (b)(1)(A)(i)–(vi).

Federal Reserve Bank (Reserve Bank) means a Federal Reserve Bank or Branch.

Final maturity of a savings bonds means the date beyond which an unredeemed savings bonds no longer earns interest.¹

Gift means a Treasury security purchased for or transferred to an intended recipient, without consideration.

Individual means a natural person. Individual does not mean an organization, representative, or fiduciary.

Interest on a savings bonds means the difference between the principal (par) and the redemption value of the bond.

Legal guardian of a minor or incompetent person refers to the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to act for the minor or incompetent individual.

Legal representative refers to the court-appointed or otherwise qualified person, regardless of title, who is legally authorized to manage and settle the estate of a decedent. The term includes an executor and an administrator.

Legally incompetent means a court has declared an individual to be incapable of handling his or her business affairs.

Linked account means an account that is a separate account from your primary account, but connected to your primary account. You use your primary account as a portal to open and access the linked account. (See § 363.15 for more information about linked accounts.)

Minor means an individual under the age of 18 years. The term minor is also used to refer to an individual who has attained the age of 18 years but has not yet taken control of the securities contained in his or her minor account.

¹ Series I savings bonds have a maturity period of 30 years, consisting of an original maturity period of 20 years and an extension period of 10 years.

Minor linked account means an account that you control on behalf of a minor. You use your primary account as the portal to open and access the minor linked account. (See §§ 363.15 and 363.27 for more information about minor accounts.)

Online means use of the Internet.

Owner is either a single owner, the first person named in the registration of a security held in the owner with beneficiary form of registration, or the primary owner of a security held in the primary owner with secondary owner form of registration.

Person means an entity including an individual, trust, estate, corporation, government entity, association, partnership, and any other similar organization. Person does not mean a Federal Reserve Bank.

Primary account means the account that you establish when you first open your New Treasury Direct account; your primary account is the portal used to open and access all your linked accounts. (See § 363.15 for more information about primary accounts.)

Primary owner means the first person named in the registration of a security held in New Treasury Direct registered, e.g., “John Doe SSN 123-45-6789 with Joseph Doe SSN 987-65-4321.” In this example, John Doe is the primary owner.

Principal amount means the amount of the original investment. Principal amount does not include any interest earned.

Recipient means the person to whom a gift is given.

Redemption of a savings bonds refers to the payment of principal and interest at final maturity, or prior to final maturity at the option of the owner. The owner may redeem all principal and interest or a portion of the principal and the proportionate amount of interest.

Redemption value means principal plus accrued interest of a bond, or a portion of the principal plus a proportionate amount of accrued interest on the bond, as of the date of redemption.

Registration or *Registered* means that the name and taxpayer identification number(s) (TIN) of the person(s) named on the security are maintained on our records.

Secondary owner means the second person named in the registration of a book-entry security held in New Treasury Direct registered, e.g., “John Doe SSN 123-45-6789 with Joseph Doe SSN 987-65-4321.” In this example, Joseph Doe is the secondary owner.

Security, or *Treasury security*, as used in this part, means an obligation issued by Treasury that may be held in New Treasury Direct.

Series EE savings bond is an accrual-type savings bond, either in definitive (paper) form or in book-entry form, that pays interest on the principal based on rates determined by Treasury.

Series I savings bonds is a savings bonds, either in definitive (paper) form or in book-entry form, that sells at par and pays interest in accordance with a formula that includes a fixed component and a component indexed to the rate of inflation.

Signature guarantee program means a signature guarantee program established under 17 CFR 240.17Ad-15, issued under authority of the Securities Exchange Act of 1934. For the purpose of this part, we recognize the Securities Transfer Agents Medallion Program (STAMP), the Stock Exchanges Medallion Program (SEMP), and the New York Stock Exchange, Inc., Medallion Signature Program (MSP). These certifications are acceptable for transfers of securities, but are not acceptable for offline account establishment.

Single owner means the person named in the registration of a book-entry Treasury security without a beneficiary or secondary owner.

Social security account number or *social security number (SSN)* means the identifying number required on tax returns and other documents submitted to the Internal Revenue Service by an individual. A SSN is composed of nine digits separated by two hyphens, for example, 123-45-6789.

Taxpayer identification number (TIN) means the identifying number required on tax returns and other documents submitted to the Internal Revenue Service; that is, an individual's social security number (SSN) or an employer identification number (EIN). A SSN is composed of nine digits separated by two hyphens, for example, 123-45-6789.

An EIN is composed of nine digits separated by one hyphen, for example, 12-3456789. The hyphens are an essential part of the numbers.

Transaction is any action affecting Treasury securities or account information.

Transfer means moving a minimum amount of \$25 (consisting of principal and proportionate interest) of a security from one New Treasury Direct account to another. The transfer of a specific security may be restricted by the terms of this part that apply to that security.

We, us, or our refers to the Bureau of the Public Debt. The term includes the Secretary of the Treasury and the Secretary's delegates at the Treasury Department and Bureau of the Public Debt. The term also includes any fiscal or financial agent we designate to act on behalf of the United States.

You or your refers to a New Treasury Direct primary account holder.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003; 69 FR 2507, Jan. 16, 2004]

§§ 363.7–363.14 [Reserved]

Subpart B—New Treasury Direct System

§ 363.15 What is a New Treasury Direct account?

A New Treasury Direct account is an online account maintained by us solely in your name in which you may hold and conduct transactions in eligible book-entry Treasury securities.

(a) *Primary Account.* Your primary account that you establish when initially opening your New Treasury Direct account may contain the following Treasury securities:

(1) Treasury securities that are your personal holdings, in sole owner, owner with beneficiary, and primary owner with secondary owner forms of registration; and

(2) gifts that have not yet been delivered.

(b) *Linked account.* A linked account is an account that is a separate account from your primary account, but that is connected to your primary account. You use your primary account as a portal to open and access the

linked account. Linked accounts include the following:

(1) *Custom account.* A custom account is an account that is linked to your primary account. You use your primary account as the portal to open and access your custom account. You may informally designate a purpose for the custom account, for example, "vacation fund", or "Johnny's college fund". However, the designation as to purpose has no legal effect; the registration of the securities held in the custom account determines ownership (Annual purchase limitations include securities held in custom accounts). You may use your custom account to buy, redeem and transfer securities that you own in sole owner, owner with beneficiary, and primary owner with secondary owner forms of registration. You may also buy and deliver gift securities from your custom account.

(2) *Minor account.* A minor account is an account established by a custodian for a person who has not yet reached the age of 18 years. A minor account is linked to the custodian's primary account. The minor is the owner of the securities, but the custodian controls the account on behalf of the minor. (See § 363.27 for more information about minor accounts.)

[69 FR 2507, Jan. 16, 2004]

§ 363.16 Who is eligible to open a New Treasury Direct account?

In order to open a New Treasury Direct account, you must:

- (a) Have a valid social security number;
- (b) Have a United States address of record;
- (c) Have an account at a United States depository financial institution that will accept debits and credits using the Automated Clearing House method of payment;
- (d) Be 18 years of age or over;
- (e) Be legally competent; and
- (f) Be an individual.

§ 363.17 How can I open a New Treasury Direct account?

You must establish a New Treasury Direct account online before you purchase a Treasury security to be held in your account. Instructions for online account establishment may be found at

the official Public Debt website at <http://www.publicdebt.treas.gov>, or such other Internet address as Public Debt may from time to time announce by publication in the FEDERAL REGISTER. When you have completed the application, you will create a password to access your account. We will authenticate your identity and send your account number to you by email when your account application is approved.

§ 363.18 How will you authenticate my identity?

We may use an online authentication service to authenticate your identity using information you provide about yourself on the application. At our option, we may require offline authentication.

§ 363.19 What is the procedure for offline authentication?

In the event we require offline authentication, we will provide a printable authentication form. Your signature on the form must be certified or guaranteed as provided at § 363.43, and the form must be mailed to us at the address provided in § 363.5.

§ 363.20 How do I access my account?

You may access your account online using your account number and password.

§ 363.21 Who is liable if someone else accesses my New Treasury Direct account using my password?

You are solely responsible for the confidentiality and use of your password. We will treat any transactions conducted using your password as having been authorized by you. We are not liable for any loss, liability, cost or expense that you may incur as a result of transactions made using your password.

§ 363.22 Is Public Debt liable if the electronic transmission of my data is intercepted?

We are not liable for any interception of electronic data or communication.

§ 363.23 What should I do if I become aware that my password has become compromised?

You should change your password immediately if you become aware that your password has become compromised. If you become aware of any misuse of your password, you should notify us by email at treasury.direct@bpd.treas.gov or call us at 304-480-8783.

§ 363.24 What transactions can I perform online through my New Treasury Direct account?

The following transactions are by way of illustration only, and are not intended to limit transactions that may be added to the system in the future:

- (a) You can purchase eligible Treasury securities in your own right or as gifts;
- (b) You can redeem savings bonds;
- (c) You can make changes to the registration of securities held in your account on which you are the single owner, owner with beneficiary, or primary owner;
- (d) You can transfer a Treasury security to another person;
- (e) You can grant and revoke the right to view a security held in your account to any other New Treasury Direct account owner, providing the security is:
 - (1) in the single owner form of registration, and
 - (2) not being held in your account as a gift;
- (f) You can grant and revoke the right to view a security held in your account to the beneficiary named in the registration of the security, if the beneficiary is a New Treasury Direct account owner;
- (g) You can grant and revoke the right to view or the rights to view and redeem a security on which you are the primary owner to the secondary owner, if the secondary owner is a New Treasury Direct account owner;
- (h) You can view or redeem Treasury securities on which you are the secondary owner, if the primary owner has granted those rights to you, and if you

§ 363.25

31 CFR Ch. II (7–1–04 Edition)

are a New Treasury Direct account owner;

(i) You can deliver gift Treasury securities to the New Treasury Direct account of another person;

(j) You can make changes to your account information;

(k) You can change your ACH information;

(l) You can view a history of purchases, transactions, and pending transactions;

(m) You can change or delete pending transactions;

(n) You can change your password; and

(o) You can change account security information.

(p) You can open and access any linked accounts using your primary account as a portal.

[67 FR 64286, Oct. 17, 2002, as amended at 69 FR 2507, Jan. 16, 2004]

EFFECTIVE DATE NOTE: At 67 FR 64286, Oct. 17, 2002, in § 363.24, paragraphs (e) through (h) and (m) were added and stayed indefinitely.

§ 363.25 How do I conduct transactions in my account or in Treasury securities held in my account?

We will provide online instructions for conducting transactions through your account. If you are unable to conduct a transaction online, you should contact us at the address provided in § 363.5. Offline transactions will require a certified or guaranteed signature. See § 363.43 for instructions for obtaining a certified or guaranteed signature.

§ 363.26 What is a transfer?

(a) A transfer is a transaction to move a minimum amount of \$25 (consisting of principal and proportionate interest) of a Treasury security from one New Treasury Direct account to another New Treasury Direct account, in which the ownership of the security changes.

(b) Transfers of a specific type of security may be limited by the subparts that refer to that security.

§ 363.27 What do I need to know about accounts for minors who have not had a legal guardian appointed by a court?

(a) *Opening an account in the name of a minor.* (1) A parent or a person who

provides the chief financial support of a minor may open an account for a minor. The person opening the account for a minor is referred to as the custodian of the minor's account.

(2) The custodian is a fiduciary for the minor as to the securities held in the minor's account.

(3) The custodian must have an existing primary New Treasury Direct account in order to open the minor's account.

(i) The minor's account is an account that is linked to the custodian's primary account.

(ii) The custodian must use his or her primary New Treasury Direct account as a portal to open and access the minor's account.

(4) Securities contained in the minor's account will be registered in the name and SSN of the minor, in either sole owner, owner with beneficiary, or primary owner with secondary owner forms of registration.

(b) *Procedure for opening an account for a minor.* (1) Online instructions will be provided for establishing an account for a minor.

(2) The custodian must certify that all transactions conducted through the account will be on the minor's behalf.

(c) *Procedure for conducting transactions in the minor's account.* The custodian must conduct all transactions in the minor's account on behalf of the minor. Access to the minor's account is through the custodian's primary account.

(d) *Transactions permitted in the minor's account.* (1) The custodian may purchase securities for and on behalf of the minor through the minor's account.

(2) The custodian may redeem securities on behalf of the minor through the minor's account. We will report the interest earned on the security to the name and SSN of the minor.

(3) The custodian may not purchase gift securities from the minor's account.

(4) The custodian may not transfer securities from the minor's account if the transfer will result in a change of ownership in the security.

(5) Securities may be transferred to the minor's account.

Fiscal Service, Treasury

§ 363.36

(6) Gift securities may be delivered to the minor's account.

(7) The custodian may grant the right to view securities in the minor's account to another New Treasury Direct account holder, and may grant the right to redeem securities in the minor's account to a secondary owner, if any, named on the securities held in the minor's account.

(e) *When the minor reaches the age of 18 years.* (1) The only transactions that the custodian may make in the minor's account after the minor attains the age of 18 years are to purchase new securities, and to transfer the securities contained in the minor's account to another account in the name and SSN of the minor. The receiving account in the name and SSN of the minor may be a primary account established by the minor, or it may be another minor linked account with the same or a different custodian. The custodian may transfer one or more of the securities at a time, or the custodian may de-link the account and transfer all of the securities contained in the account to the minor's previously established primary New Treasury Direct account. The minor must establish his or her own primary New Treasury Direct account prior to transfer of his or her securities.

(2) In order to gain control of the securities held in the minor's account, the minor must first open his or her own primary account.

(3) The minor may gain control of the securities held in the minor's account by the custodian transferring the securities held in the minor's account to the minor's primary account, or the minor may request that Public Debt transfer the securities to his or her primary account.

(f) *Liability.* We rely on the certification of the custodian that he or she is acting on behalf of the minor. We are not liable to the minor, or any other person or party acting on behalf of the minor, for the actions of the custodian, nor are we liable for the application of any proceeds from the transfer or redemption of securities held in the minor's account. The custodian agrees to indemnify and hold harmless the United States in the event that we suf-

fer any loss on account of any claim relating to a minor account.

[69 FR 2507, Jan. 16, 2004]

§§ 363.28–363.32 [Reserved]

§ 363.33 Can an attorney-in-fact conduct transactions in my New Treasury Direct account?

(a) An attorney-in-fact who provides a copy of a durable power of attorney granting him or her the authority to conduct New Treasury Direct transactions on behalf of the owner may conduct transactions online.

(b) An attorney-in-fact who provides a copy of a limited power of attorney may only conduct transactions that he or she is permitted by his or her power. Such transactions will be through an offline process.

(c) A written copy of the power of attorney must be sent to the address provided in § 363.5. We may require any additional evidence that we consider necessary to support the power.

§ 363.34 What happens if an owner becomes incompetent after opening a New Treasury Direct account?

If we receive notice that the owner of a New Treasury Direct account has become incompetent, we will suspend all transactions in the account until we establish the authority of another person to act in his or her behalf.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.35 When is a transaction effective?

A transaction is effective when we post it to our records.

§ 363.36 What securities can I purchase and hold in my New Treasury Direct account?

You can purchase and hold eligible Treasury securities in your account. Current eligible securities are book-entry Series EE and I savings bonds. We intend to designate additional Treasury securities as eligible securities from time to time.

[69 FR 2508, Jan. 16, 2004]

§ 363.37 How do I purchase eligible Treasury securities to be held in my New Treasury Direct account?

Eligible Treasury securities can only be purchased online through your New Treasury Direct account. Payment for the securities is made by a debit to your designated account at a United States depository financial institution using the ACH method.

§ 363.38 What happens if the ACH debit for purchase of a book-entry savings bonds is returned by my financial institution?

If your designated financial institution returns the ACH debit for payment of a bond, we reserve the right to reinitiate the debit at our option, and to remove the bond from your New Treasury Direct account. We are not responsible for any fees your financial institution may charge relating to returned ACH debits.

§ 363.39 Will I receive a confirmation of my request to purchase a Treasury security?

At the time that you submit a request to purchase a Treasury security through your New Treasury Direct account, we will make available a printable online confirmation of your request. Final confirmation will occur when the security is issued into your account. You will not receive a mailed confirmation.

§ 363.40 How are payments of principal and interest made?

You must select a specific bank account at a United States depository financial institution for your payment. This selected bank account may be the same one that you designated as your primary bank account in your New Treasury Direct account, or it may be a different bank account. We will make payments using the ACH method.

§ 363.41 What happens if an ACH payment of principal or interest to my account at a financial institution is returned to Public Debt?

We will notify you electronically of the returned payment. We will hold your payment until you provide us with instructions. Returned payments will not earn interest. We reserve the right to redirect returned payments to the bank account at a financial institution that you have designated in your New Treasury Direct account as your primary bank account, if that account is different from the one that returned the payment to us. We are not responsible for any fees your financial institution may charge relating to returned ACH payments.

§ 363.42 How will my interest income be reported for tax purposes?

When you open your New Treasury Direct account, you consent to receive the appropriate tax reporting forms by electronic means. We will notify you when your tax reporting forms are available. The form will be available in printable form through your New Treasury Direct account. If you withdraw your consent to receive tax reporting forms by electronic means, we reserve the right to redeem any Series I savings bonds held in your account and close your account.

§ 363.43 What are the procedures for certifying my signature on an offline application for a New Treasury Direct account, or on an offline transaction form?

(a) *Certification within the United States.* For certifications within the United States, the certifying individual must be authorized to bind his or her institution by his or her acts, to guarantee signatures to assignments of securities, or to certify assignments of securities. The following table provides a list of authorized certifying individuals and the required evidence of authority. Members of Treasury-recognized signature guarantee programs are for security transfers only.

Fiscal Service, Treasury

§ 363.43

Who can certify signatures in the U.S.	Evidence of certifying individual's authority
(1) Officers and employees of depository institutions	(i) We require the institution's seal or signature guarantee stamp. (ii) If the institution is an authorized paying agent for U.S. Savings Bonds, we require a legible imprint of the paying agent's stamp.
(2) Institutions that are members of Treasury—recognized signature guarantee programs (for security transfers only).	We require the imprint of the signature guarantee stamp, i.e., the STAMP, SEMP, or MSP stamp for members of the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program, or the New York Stock Exchange Inc. Medallion Signature Program. We require the entity's seal.
(3) Officers and employees of corporate central credit unions, Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives, the Central Bank for Cooperatives, and Federal Home Loan Banks.	
(4) Commissioned or warrant officers of the United States Armed Forces, for signatures executed by Armed Forces personnel, civilian field employees, and members of their families.	(i) We require a statement that the person executing the assignment is one whose signature the officer is authorized to certify under our regulations. (ii) The certifying official's rank must be shown.
(5) A judge or clerk of the court	We require the seal of the court.
(6) Other persons as designated by the Commissioner or Deputy Commissioner of Public Debt.	Evidence is determined by our procedures.

(b) *Certification within foreign countries.* The following table lists the authorized certifying individuals for for-

eign countries and the required evidence of the individual's authority.

Who can certify signatures in foreign countries	Evidence of certifying individual's authority
(1) United States diplomatic or consular officials	(i) We require the seal or stamp of the office. (ii) If there is no seal or stamp, then we require certification by some other authorized individual, under seal or stamp.
(2) Managers and officers of foreign branches of U.S. depository institutions and institutions that are members of Treasury-recognized signature guarantee programs (for security transfers only).	We require the seal of the depository institution, or the imprint of the signature guarantee stamp, i.e., the STAMP, SEMP, or MSP stamp for members of the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program, or the New York Stock Exchange Incorporated Medallion Signature Program.
(3) Notaries Public and other officers authorized to administer oaths, provided their authority is certified by a United States diplomatic or consular official.	(i) We require the official seal or stamp of the office. (ii) If there is no seal or stamp, the position must be certified by some other authorized individual, under seal or stamp, or otherwise proved to our satisfaction.

(c) *Duties and liabilities of certifying individuals.*

(1) The certifying individual must first establish the identity of the signer.

(2) The form must be signed in the presence of the certifying individual.

(3) If the certifying individual is not an officer, the certifying individual must insert the words "Authorized Signature" in the space provided for the title.

(4) If the certifying individual is negligent in making the certification, the certifying individual and his or her organization are jointly and severally liable for any loss the United States may incur as a result of the negligence.

(d) *Guaranteed signatures.* (1) A security or other form requiring certification need not be executed in the

presence of a certifying individual if the signature is unconditionally guaranteed by the certifying individual. To guarantee a signature, the certifying individual must add a dated endorsement after the signature. For example:

Signature guaranteed, First National Bank of Smithville, Smithville, NH, by A. B. Doe, President, dated 1/1/2001.

(2) The certifying individual and his or her organization unconditionally guarantee to us that the signature is genuine and the signer had the legal capacity to execute the assignment or related form.

(e) *Guaranteed absence of a signature.*

(1) A form requiring a certified signature need not be signed when a certifying individual associated with a depository financial institution places

§§ 363.44–363.49

31 CFR Ch. II (7–1–04 Edition)

the following endorsement on the security or the form:

Absence of signature by owner and validity of transaction guaranteed, Second State Bank of Jonesville, Jonesville, NC, by B. R. Butler, Vice President, dated 11/1/2001.

(2) The endorsement must be dated and the seal of the institution must be added.

(3) This form of endorsement is an unconditional guarantee to us that the institution is acting for the signer under proper authorization.

(f) *Persons who cannot act as certifying individuals.* Any person having an interest in a security involved in the transaction cannot act as a certifying individual. However, an authorized officer or employee of a depository financial institution that is a member of a Treasury-recognized signature guarantee program can act as a certifying individual for transfer of a security to the institution or on behalf of the institution.

§§ 363.44–363.49 [Reserved]

Subpart C—Book-Entry Savings Bonds Purchased Through New Treasury Direct

GENERAL

§ 363.50 What Treasury securities does this subpart cover?

This subpart covers Series EE and I book-entry savings bonds. The offering of Series EE savings bonds is contained in 31 CFR part 351. The offering of Series I savings bonds is contained in 31 CFR part 359.

[68 FR 24807, May 8, 2002]

§ 363.51 Who may purchase and hold a book-entry savings bonds?

(a) A New Treasury Direct account holder may purchase and hold bonds through his or her account.

(b) We do not permit a legally incompetent person to purchase savings bonds once we have been provided with an acceptable court order determining incompetency.

(c) We do not permit a legal representative or a legal guardian to purchase savings bonds on behalf of the es-

tate of a decedent or an incompetent person.

[67 FR 64286, Oct. 17, 2002, as amended at 69 FR 2508, Jan. 16, 2004]

§ 363.52 What amount of book-entry Series EE and I savings bonds may I purchase in one year?

(a) *Purchase limitation.* The amount of bonds that you may purchase in any calendar year is limited to \$30,000 for Series EE savings bonds, and \$30,000 for Series I savings bonds.

(b) *Computation of amount for gifts.* Bonds purchased or transferred as gifts will be included in the computation of the purchase limitation for the account of the recipient for the year in which the bonds are delivered to the recipient.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.53 What is the minimum amount of book-entry savings bonds that I may purchase in any transaction?

Each bond purchase must be in a minimum amount of \$25, with additional one-cent increments above that amount, in any one transaction. For example, a purchase may be \$25.00, \$25.01, \$25.02, or \$25.03, and so forth.

§ 363.54 What is the minimum amount of a book-entry savings bonds that I must hold in my account?

Each bond held in your account must have a redemption value of at least \$25. If you request a transaction that would reduce the remaining redemption value of the bond to an amount less than \$25, we will not permit the transaction to occur.

§ 363.55 May I transfer my book-entry savings bonds to another person?

(a) You may transfer a bond or a portion of a bond to the New Treasury Direct account of another individual as a gift, or in response to a final judgment, court order, a divorce decree, or property settlement agreement. You must certify online that the transfer is a gift or a specified exception.

(b) We do not permit the transfer of savings bonds for consideration, unless it is an exception specified in paragraph (a) of this section.

(c) The bond will be transferred in the single owner form of registration.

(d) We reserve the right to limit the transferability of savings bonds at any time by amendment to these regulations.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.56 What is the minimum amount of book-entry savings bonds that I may transfer in any one transaction?

Each transfer must be in a minimum amount of \$25 redemption value, with additional one-cent increments above that amount, in any one transaction. For example, you may transfer \$25.00, \$25.01, \$25.02, or \$25.03, and so forth. Transfers will be comprised of principal and proportionate interest.

§ 363.57 What is the minimum amount of book-entry savings bonds that I may redeem in any one transaction?

Each redemption must be in a minimum amount of \$25 redemption value, with additional one-cent increments above that amount, in any one transaction. For example, you may redeem \$25.00, \$25.01, \$25.02, or \$25.03, and so forth. Redemptions will be comprised of principal and proportionate interest.

§ 363.58 May book-entry savings bonds be pledged or used as collateral?

Bonds may not be pledged or used as collateral for the performance of an obligation.

§§ 363.59–363.64 [Reserved]

REGISTRATION

§ 363.65 What do I need to know about the registration of book-entry savings bonds?

(a) Registration must express the actual ownership of, and interest in, the bond. Registration conclusively establishes ownership of a bond.

(b) You must provide a last name and a first name for each individual included in the registration.

(c) You must provide the valid social security number of the owner of the bond.

§ 363.66 What forms of registration are available for book-entry savings bonds?

The forms of registration available are single owner, owner with beneficiary, and primary owner with secondary owner.

[69 FR 2508, Jan. 16, 2004]

§ 363.67 What do I need to know about the single owner form of registration?

(a) An individual is the single owner of the bond.

(b) A single owner may add a beneficiary or secondary owner.

(c) A single owner may conduct online transactions on bonds held in his or her account.

(d) Upon the death of the single owner, his or her estate is entitled to the bond. In determining entitlement, the law of the decedent's domicile will be followed.

(e) Registration example: "John Doe, SSN 123-45-6789."

§ 363.68 What do I need to know about the owner with beneficiary form of registration?

(a) The purchaser must be named as the owner with another individual as beneficiary.

(b) The owner may remove or change the beneficiary without the consent of the beneficiary.

(c) The owner may conduct online transactions on bonds held in his or her account without the consent of the beneficiary.

(d) The beneficiary has no ownership rights to the bond during the owner's lifetime. Upon the death of the owner, the beneficiary is the absolute owner of the bond, despite any attempted testamentary disposition by the owner or any state law to the contrary.

(e) If the beneficiary does not survive the owner, the bond belongs to the estate of the owner.

(f) If both the owner and the beneficiary die under conditions where it cannot be established, either by presumption of law or otherwise, which one died first, the bond is the property of the estate of the owner.

(g) In order for the beneficiary to obtain the bond or the bond proceeds

after the death of the owner, the beneficiary must provide proof of death of the owner. If the beneficiary has a New Treasury Direct account, the bond will be transferred to that account. If the beneficiary does not have an account, he or she may establish an account or request redemption. If the beneficiary requests redemption, he or she must provide ACH instructions for the payment.

(h) Registration example: “John Doe, SSN 123-45-6789 POD (payable on death to) Jane Doe, SSN 987-65-4321.”

§ 363.69 What do I need to know about the primary owner with secondary owner form of registration?

(a) The purchaser must be named in the registration as the primary owner.

(b) The primary owner holds the bonds in his or her account and may view or conduct online transactions in the bonds.

(c) The primary owner may remove the secondary owner without the consent of the secondary owner.

(d) The secondary owner has no rights to view or conduct transactions in any bond unless the primary owner gives the secondary owner these rights.

(e) The primary owner may give the secondary owner the right to view any bond or rights to view and redeem any bond, online from the account of the secondary owner.

(f) Once the right to conduct transactions in a bond has been given to the secondary owner, the primary owner may view and conduct transactions in the bond from his or her account, and the secondary owner may view and redeem the bond using his or her own account.

(g) The primary owner may revoke any rights previously given to the secondary owner at any time.

(h) Upon the death of either the primary or secondary owner, the survivor is the absolute owner of the bond, despite any attempted testamentary disposition or any state law to the contrary.

(i) If both the primary and the secondary owner die under conditions where it cannot be established, either by presumption of law or otherwise, which one died first, the bond is the

property of the estate of the primary owner.

(j) In order for the secondary owner to obtain the bond or the bond proceeds after the death of the owner, the secondary owner must provide proof of death of the owner. If the secondary owner has a New Treasury Direct account, the bond will be transferred to that account. If the secondary owner does not have an account, he or she may establish an account or request redemption. If the secondary owner requests redemption, he or she must provide ACH instructions.

(k) Registration example: “John Doe, SSN 123-45-6789 with Joseph Doe, SSN 987-65-4321.”

EFFECTIVE DATE NOTE: At 67 FR 64286, Oct. 17, 2002, in § 363.69, paragraphs (d) through (g) were added and stayed indefinitely.

§§ 363.70–363.79 [Reserved]

MINORS

§ 363.80 May a minor purchase book-entry savings bonds?

We do not permit a minor to purchase bonds.

§ 363.81 May book-entry savings bonds be purchased for a minor as a gift?

A New Treasury Direct account owner may purchase bonds as a gift with a minor as the recipient.

§ 363.82 May an account owner deliver a book-entry savings bond purchased as a gift to a minor?

An account owner may deliver a bond purchased as a gift to a minor. The account owner must deliver the security to the minor's linked account. Once delivered, the bond will be under the control of the custodian of the minor's account. (See § 363.27.)

[69 FR 2508, Jan. 16, 2004]

§ 363.83 May an account owner transfer a book-entry savings bonds to a minor?

An account owner may transfer a bond to a minor as a gift or pursuant to one of the specified exceptions in § 363.55(a).

§§ 363.84–363.89 [Reserved]

DECEASED OWNERS

§ 363.90 What happens when a New Treasury Direct account owner dies and his or her estate is entitled to savings bonds held in the account?

(a) *Estate is being administered.* (1) We will require appropriate proof of appointment for the legal representative of the estate. Letters of appointment must be dated within six months of submission, unless the appointment was made within one year before submission.

(2) The bonds will be registered in the following form: “John Doe, SSN 123-45-6789, Legal Representative of the estate of James Doe, deceased, SSN 987-65-4321.”

(3) The legal representative of the estate may request payment of bonds to the estate or to the person(s) entitled, or may have the bonds transferred to the New Treasury Direct account(s) of the person(s) entitled.

(4) The legal representative of the estate may not purchase bonds on behalf of the estate.

(5) If payment is requested, we will require ACH instructions.

(b) *Estate has been settled previously.* If the estate has been previously settled through judicial proceedings, the person(s) entitled may request payment of bonds or may have the bonds transferred to the New Treasury Direct account of the person(s) entitled. If payment is requested, we will require ACH instructions. We will require a certified copy of the court-approved final accounting for the estate, the court’s decree of distribution, or other appropriate evidence.

(c) *Summary administration procedures.* If there is no formal administration and no representative of the estate is to be appointed, the person(s) entitled under state law summary or small estates procedures may request payment of bonds or may have the bonds transferred to the New Treasury Direct account(s) of the person(s) entitled. We will require appropriate evidence. If payment is requested, we will require ACH instructions.

(d) *Survivors’ order of precedence for payment or transfer.* If there has been no administration, no administration is

contemplated, no summary or small estate procedures have been used, and the redemption value of the bonds is \$100,000 or less,² then bonds may be paid or transferred to the persons named in the following order of precedence:

(1) There is a surviving spouse and no surviving child or descendant of a deceased child: to the surviving spouse.

(2) There is a surviving spouse and a child or children of the decedent, or descendants of deceased children: one-half to the surviving spouse and one-half to the child or children of the decedent, and the descendants of deceased children, by representation, or by agreement of all persons entitled in this class;

(3) There is no surviving spouse and there is a surviving child or descendant of deceased children: to the child or children of the decedent, and the descendants of deceased children, by representation.

(4) There are no surviving spouse, no surviving child, and no surviving descendants of deceased children: to the parents of the decedent, one-half to each, or in full to the survivor.

(5) There are no surviving spouse, no surviving child or surviving descendants of deceased children, and no surviving parents: to the brothers and sisters and descendants of deceased brothers and sisters by representation.

(6) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, and no brothers or sisters or descendants of deceased brothers and sisters: to other next of kin, as determined by the laws of the decedent’s domicile at the time of death.

(7) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, and no next of kin, as determined by the laws of the decedent’s domicile at the time of death: to persons related to the decedent by marriage, *i.e.*, heirs of a spouse of the last decedent where the spouse predeceased that registrant.

²We require estates with bonds over \$100,000 redemption value to be administered.

§§ 363.91–363.94

31 CFR Ch. II (7–1–04 Edition)

(8) There are no surviving spouse, no surviving child or surviving descendants of deceased children, no surviving parents, no brothers or sisters or descendants of deceased brothers and sisters, no next of kin, as determined by the laws of the decedent's domicile at the time of death, and no persons related to the decedent by marriage: to the person who paid the burial and funeral expenses, or a creditor of the decedent's estate, but payment may be made only to the extent that the person has not been reimbursed. Transfers are not permitted.

(9) Escheat according to the applicable state law.

(e) When we make payments or transfers according to paragraph (d) of this section, we will make the payments by the ACH method to either a person individually, or individually and on behalf of all other persons entitled. We will require ACH instructions for payment. A person who receives payment of bond proceeds individually and on behalf of others agrees to make distribution of the proceeds to the other persons entitled by the law of the decedent's domicile. The provisions of this section are for our convenience and do not determine ownership of the bonds or their proceeds. We may rely on information provided by the person who requests payment or transfer, and are not liable for any action taken in reliance on the information furnished.

[67 FR 64286, Oct. 17, 2002, as amended at 69 FR 2508, Jan. 16, 2004]

§§ 363.91–363.94 [Reserved]

GIFTS

§ 363.95 How may I give a book-entry savings bonds as a gift?

You may give a book-entry savings bonds as a gift in two ways:

(a) You may purchase a bond online as a gift; or

(b) You may transfer a bond that you own to another person as a gift with immediate delivery.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.96 What do I need to know if I initially purchase a bond as a gift?

(a) The gift bond will be registered in the name of the recipient(s). The registration is irrevocable with regard to the owner named on the gift bond.

(b) You must provide the SSN of the recipient.

(c) You may deliver the bond upon purchase, or you may hold the bond in your New Treasury Direct account until you are ready to deliver the bond to the owner named on the gift bond.

(d) If the purchaser dies before delivering a gift bond to the recipient, the bond belongs to the owner named on the gift bond, notwithstanding any testamentary attempts to the contrary by the purchaser, or any state law to the contrary. We will hold the bond until we receive instructions from the owner named on the gift bond.

[67 FR 64286, Oct. 17, 2002, as amended at 69 FR 2508, Jan. 16, 2004]

§ 363.97 What do I need to know if I transfer a book-entry savings bonds to another person as a gift?

(a) You must certify online that the transfer is a gift.

(b) You must provide the SSN of the recipient.

(c) Once the transfer is made, the gift is irrevocable.

(d) The bond will be transferred in the single owner form of registration to the recipient.

§ 363.98 [Reserved]

§ 363.99 What is the minimum amount of a bond that I may transfer or deliver as a gift in any one transaction?

You may transfer or deliver gift bonds in any one-cent increment value equal to or greater than \$25.00 redemption value. For example, you may deliver a gift bond with a redemption value of \$25.00, \$25.01, \$25.02, and so forth. If the bond was held in your account prior to delivery to the recipient for a period of time and has accrued interest, the delivery will include principal and proportionate interest.

Fiscal Service, Treasury

§ 363.113

§§ 363.100–363.104 [Reserved]

TRANSACTIONS

§ 363.105 Who has the right to conduct transactions in book-entry savings bonds?

(a) *Single owner form of registration.* A single owner can conduct transactions in bonds held in his or her New Treasury Direct account.

(b) *Owner with beneficiary form of registration.* The owner can conduct transactions in bonds held in his or her New Treasury Direct account. The beneficiary has no rights during the lifetime of the owner and therefore cannot conduct transactions in the bonds.

(c) *Primary Owner with secondary owner form of registration.* The primary owner can conduct transactions in bonds held in his or her New Treasury Direct account. The secondary owner can redeem bonds using his or her New Treasury Direct account providing the primary owner has given the secondary owner that right, and has not revoked that right.

(d) *Legal guardian of an incompetent form of registration.* A legal guardian or other court-appointed representative of an incompetent can conduct transactions in bonds belonging to the incompetent consistent with the authority of the legal guardian.

(e) *Legal representative of an estate.* A legal representative of an estate can conduct transactions in bonds belonging to the estate consistent with the authority of the legal representative.

§ 363.106 How are online transactions conducted in savings bonds?

We will provide online forms, including instructions, for transactions.

§ 363.107 Does Public Debt reserve the right to require that any transaction be conducted offline?

We reserve the right to require any transaction to be conducted offline using an approved form. Signatures on offline transactions must be certified or guaranteed as provided in instructions in § 363.43.

§§ 363.108–363.109 [Reserved]

JUDICIAL AND ADMINISTRATIVE PROCEEDINGS

§ 363.110 Will Public Debt recognize a court order that attempts to defeat the survivorship rights of a beneficiary, secondary owner, or recipient of an undelivered gift bond?

We will not recognize a judicial determination that attempts to defeat or impair the rights of survivorship of a beneficiary, secondary owner, or recipient of an undelivered gift bond, after the death of the owner or primary owner.

§ 363.111 Will Public Debt accept notice of an adverse claim or notice of pending judicial proceedings involving book-entry savings bonds?

We are not subject to and will not accept a notice of an adverse claim or notice of pending judicial proceedings involving book-entry savings bonds.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.112 Is Public Debt a proper party in a judicial proceeding involving competing claims to a book-entry savings bonds?

Treasury, Public Debt, and the Federal Reserve Banks are not proper defendants in a judicial proceeding involving competing claims to a book-entry savings bonds.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.113 Will Public Debt pay or transfer book-entry savings bonds pursuant to an order in a divorce proceeding?

We will pay or transfer bonds pursuant to a divorce decree that either disposes of savings bonds or ratifies a property settlement agreement disposing of bonds. The owner (as defined in § 363.6) of the bonds must be a party to the proceedings. If the divorce decree does not set out the terms of the property settlement agreement, we will require a certified copy of the agreement.

§ 363.114

§ 363.114 Will Public Debt recognize a court order?

We will recognize a final order entered by a court that affects ownership rights in a book-entry savings bonds only to the extent that the order is consistent with the provisions of this part. The owner (as defined in § 363.6) of the bond must be a party to the proceedings. We will require a certified copy of the court order.

[67 FR 64286, Oct. 17, 2002, as amended at 68 FR 24807, May 8, 2003]

§ 363.115 Will Public Debt pay a savings bonds pursuant to a levy?

We will pay a savings bonds pursuant to a valid levy to satisfy a money judgment against the owner (as defined in § 363.6) of the bond. Payment will be made only to the extent necessary to satisfy the money judgment.

§ 363.116 Will Public Debt pay a bond to the Internal Revenue Service (IRS) pursuant to a levy?

We will honor an IRS administrative levy under § 6331 of the Internal Revenue Code with respect to the owner (as defined in § 363.6).

§ 363.117 Will Public Debt pay a bond to a trustee in bankruptcy or similar court officer?

We will pay a savings bonds to a trustee in bankruptcy, a receiver of an insolvent's estate, a receiver in equity, or a similar court officer, if the original court order is against the owner (as defined in § 363.6).

§ 363.118 What evidence is required to establish the validity of judicial proceedings?

(a) We require certified copies of the final judgment, decree, or court order, and any necessary supplementary proceedings.

(b) A request for payment by a trustee in bankruptcy or a receiver of an insolvent's estate must be supported by evidence of appointment and qualification.

(c) A request for payment by a receiver in equity or a similar court officer (other than a receiver of an insolvent's estate), must be supported by a copy of an order that authorizes the redemption of the bond.

31 CFR Ch. II (7-1-04 Edition)

§ 363.119 Will Public Debt pay a bond pursuant to a forfeiture proceeding?

(a) *General.* Bonds will be paid pursuant to a judicial or administrative forfeiture made by a Federal agency. We will rely exclusively upon the information provided by the Federal forfeiting agency and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the request for payment. The amount paid is limited to the redemption value of the savings bonds as of the date of forfeiture. All inquiries or claims from the previous owner will be referred to the forfeiting agency.

(b) *Definition of special terms relating to forfeitures.*

Contact point means the individual designated by the Federal investigative agency, United States Attorney's Office, or forfeiting agency, to receive referrals from Public Debt, using Public Debt Form 1522.

Forfeiting agency means the federal law enforcement agency responsible for the forfeiture.

Forfeiture means the process by which property may be forfeited by a federal agency. Administrative forfeiture is forfeiture by a federal agency without judicial proceedings; judicial forfeiture is a forfeiture through either a civil or criminal proceeding in a United States District Court resulting in a final judgment and order of forfeiture.

Public Debt Form 1522 (PD 1522) is the form on which written notification of the forfeiture is provided by the forfeiting agency to Public Debt.

(c) *Procedures for a forfeiting agency to request forfeiture of Treasury securities.* A forfeiting agency must request forfeiture on PD 1522. An individual authorized by the forfeiting agency must sign the form. The completed PD 1522 must be mailed to the Department of the Treasury, Bureau of the Public Debt, Parkersburg, WV 26106-1328.

(d) *Public Debt procedures upon receipt of PD 1522.* (1) Upon receipt and review of the Public Debt Form 1522, we will make payment to the forfeiture fund specified on the form. We will record the forfeiture, the forfeiture fund into

Fiscal Service, Treasury

which the proceeds were paid, the contact point, and any related information.

(2) We will rely exclusively upon the information provided by the Federal agency and will not make any independent evaluation of the validity of the forfeiture order, the request for payment, or the authority of the individual signing the request for payment.

(e) *Amount paid on a forfeiture.* The amount we will pay on a forfeiture is limited to the redemption value of the savings bonds as of the date of forfeiture.

(f) *Inquiries from previous owners of forfeited Treasury securities.*

(1) We will refer all inquiries from the previous owner, including requests for payment, reissue, or applications for relief, to the contact point.

(2) We will tell the person who inquired that we referred his or her inquiry to the contact point.

(3) We will not investigate the inquiry.

(4) We will defer to the forfeiting agency's determination of the appropriate course of action, including settlement where appropriate.

(5) Any settlement will be paid from the forfeiture fund into which the proceeds were deposited.

§§ 363.120–363.124 [Reserved]

PAYMENT

§ 363.125 How is payment made on a book-entry savings bonds?

We will make payment by the ACH method to the designated account at a United States depository financial institution.

§ 363.126 Under what circumstances will payment be made?

We will make payment:

(a) Upon your request for redemption prior to maturity;

(b) When the bond reaches final maturity; and

(c) If a person who becomes entitled to the bond is unable, unwilling or ineligible to open a New Treasury Direct account.

§§ 363.127–363.129 [Reserved]

Subparts D–E [Reserved]

Subpart F Miscellaneous

§ 363.175 May Public Debt waive these regulations?

We may waive or modify any provision of the regulations in this part. We may do so in any particular case or class of cases for the convenience of the United States or in order to relieve any person or persons of unnecessary hardship:

(a) If the waiver would not be inconsistent with law or equity;

(b) If the waiver does not impair any material existing rights; and

(c) If we are satisfied that the waiver would not subject the United States to any substantial expense or liability.

§ 363.176 Can I be required to provide additional evidence to support a transaction?

We may require additional evidence and/or a bond of indemnity, with or without surety, in any case where we determine it necessary to protect the interests of the United States.

§ 363.177 May Public Debt amend or supplement these regulations?

We may amend, revise, or supplement these regulations at any time.